

TAX FACTS

A Digest of Kentucky Tax Laws



**EDUCATION
PAYS**

Commonwealth of Kentucky
REVENUE CABINET
2002

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FOREWORD

The Revenue Cabinet presents the 2002 edition of ***Tax Facts***, a booklet summarizing Kentucky tax statutes and providing other relevant information.

This publication is printed annually to reflect changes made by each session of the Kentucky General Assembly and to explain the essential facts about the current revenue system. The ***2002 Tax Facts*** contains information about the changes in the tax laws enacted during the 2002 Regular Session of the General Assembly.

We hope this issue of ***Tax Facts*** is helpful to tax practitioners and to the general public. Suggestions for improvements to the publication are always welcome.



Dana Bynum Mayton
Secretary of Revenue
December 31, 2002

THE KENTUCKY REVENUE CABINET MISSION STATEMENT

The mission of the Kentucky Revenue Cabinet is to . . .

Provide courteous, accurate and efficient services for the benefit of the Commonwealth and administer Kentucky tax laws in a fair and impartial manner.

The Kentucky Revenue Cabinet does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

Printing costs paid from state funds.

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KENTUCKY TAXPAYERS' BILL OF RIGHTS

(KRS 131.041 et seq.)

The Kentucky Taxpayers' Bill of Rights was enacted by the General Assembly to increase and help protect the rights of taxpayers as well as define responsibilities of the Kentucky Revenue Cabinet to taxpayers. As part of the Taxpayers' Bill of Rights, the Office of Taxpayer Ombudsman was created and is staffed with a taxpayers' advocate to help ensure that taxpayers actually receive the rights the law gives them. Another important function of the Ombudsman is to provide assistance to taxpayers in resolving problems or conflicts with the Revenue Cabinet when taxpayers feel they have reached an impasse with Cabinet personnel.

The Taxpayer Ombudsman may be contacted by telephone at (502) 564-7822 (between 8:00 a.m. and 4:30 p.m. weekdays). From a Telecommunication Device for the Deaf (TDD), call (502) 564-3058. The address is:

Office of Taxpayer Ombudsman
200 Fair Oaks Lane
P.O. Box 930
Frankfort, Kentucky 40602-0930

Although the Ombudsman is available to help taxpayers resolve problems, contacting the Ombudsman is not a substitute for normal protest requirements and procedures. If a taxpayer disagrees with something the Revenue Cabinet has done, a written protest must be filed with the Cabinet within 45 days from the original date of the Cabinet's notice (billing, refund denial, permit or license revocation, etc.).

To obtain a copy of the brochure "Your Rights as a Kentucky Taxpayer," write the Revenue Cabinet, Office of Taxpayer Ombudsman, 200 Fair Oaks Lane, P.O. Box 930, Frankfort, Kentucky 40620-0930 or it can be downloaded at www.revenue.ky.gov KRC's Web site . The brochure provides essential information on protest requirements and procedures, as well as a summary of the Kentucky Taxpayers' Bill of Rights.

AGENCY PHONE NUMBERS AND WEB SITES

All Frankfort Offices 564-4580
www.revenue.ky.gov

Taxpayer Service Centers:

Ashland (606) 920-2037
 Bowling Green (270) 746-7470
 Central Kentucky (502) 564-4581
 Corbin (606) 528-3322
 Hopkinsville (270) 889-6521
 Louisville (502) 595-4512
 Northern Kentucky (859) 371-9049
 Owensboro (270) 687-7301
 Paducah (270) 575-7148
 Pikeville (606) 433-7675

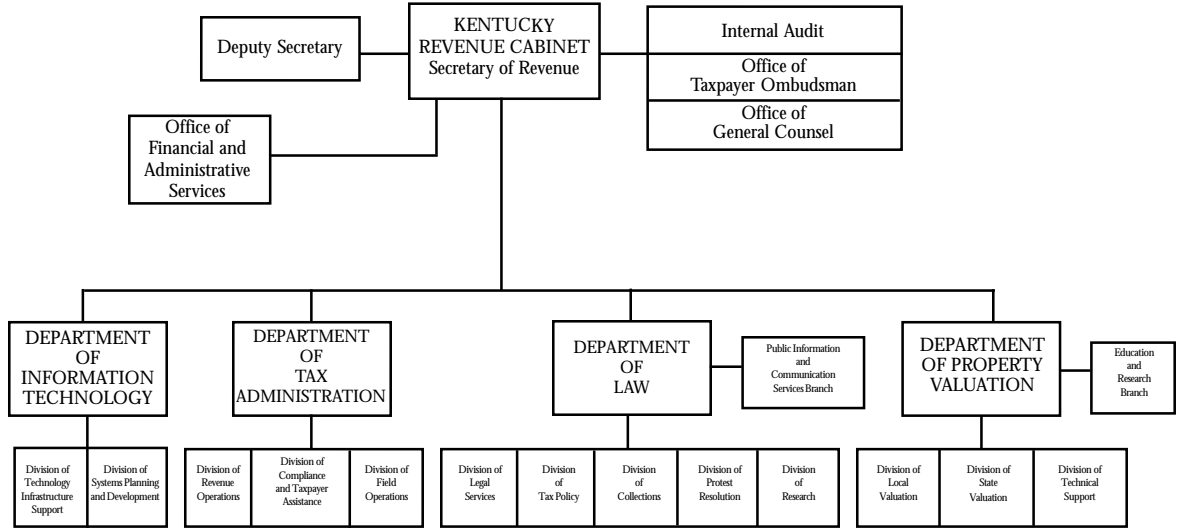
Other State Agencies

Alcoholic Beverage Licenses
 ABC Board 564-4850
http://abc.ppr.ky.gov/
 Attorney General's Office 696-5300
www.law.state.ky.us
 Economic Development Cabinet 564-7670
www.edc.state.ky.us
 Insurance Licenses
 Department of Insurance 564-3630
www.doi.state.ky.us
 Kentucky Board of Tax Appeals 573-4316
http://bta.ppr.ky.gov/
 Motor Carriers
 Transportation Cabinet 564-4540
www.kytc.state.ky.us
 Motor Fuels Use Tax
 Transportation Cabinet 564-4540
 Natural Resources and
 Environmental Protection Cabinet 564-3350
www.environment.ky.gov
 Secretary of State 564-3490
www.sos.state.ky.us

State Treasurer	564-4722
<i>www.kytreasury.com</i>	
Unemployment Compensation	
Workforce Development Cabinet	564-2900
<i>www.kycwd.org</i>	
Weight/Distance Tax	
Transportation Cabinet	564-4540

NOTE: All numbers with the 564, 573 and 696 prefix are in area code 502.

REVENUE CABINET—ORGANIZATION CHART



STATE REVENUE RECEIPTS

	2000-01	2001-02
Total All Funds	\$7,706,057,517	\$7,669,391,438
Total Tax Revenue	7,370,060,104	7,344,853,368
Total Nontax Revenue	335,997,413	324,538,069
Total General Fund	\$6,653,897,654	\$6,560,216,551
Tax Receipts	6,377,917,220	6,292,004,457
Sales and Gross		
Receipts Taxes	\$2,435,481,566	\$2,497,020,953
Beer consumption	6,272,031	6,286,734
Beer wholesale	32,582,889	34,596,592
Cigarette	14,007,582	13,943,208
Distilled spirits case sales	82,529	81,922
Distilled spirits consumption	8,184,798	8,266,005
Distilled spirits wholesale	14,809,730	15,129,146
Insurance premiums	96,825,818	105,102,951
Pari-mutuel	6,182,083	5,179,952
Race track admission	216,615	260,232
Sales and use	2,248,471,100	2,299,990,621
Wine consumption	1,743,393	1,786,984
Wine wholesale	6,102,998	6,396,603
License and Privilege Taxes	\$ 373,309,229	\$ 356,591,984
Alcoholic beverage license		
suspension	193,800	220,800
Coal severance	141,553,087	160,160,116
Corporation license	147,515,402	117,500,770
Corporation organization	227,655	144,233
Occupational licenses	107,737	226,609
Oil production	3,358,036	2,590,722
Race track license	320,800	37,423
Bank franchise tax	49,610,220	50,549,169
Driver's license fees	391,939	505,187
Minerals and gas severance	30,030,552	24,656,955
Income Taxes	\$3,068,472,461	\$2,909,863,799
Corporation	289,931,017	207,353,777
Individual	2,778,541,444	2,702,510,022

	2000-01	2001-02
Property Taxes	\$ 407,494,858	\$ 433,029,587
Bank deposits	412,646	460,334
Building and loan association	2,482,623	2,249,927
Distilled spirits	360,248	363,410
General—intangible personal	22,551,153	23,113,567
General—real	171,524,695	179,678,050
General—tangible personal	140,466,295	151,308,795
General—omitted and delinquent	20,605,462	25,649,592
Public service company	48,883,924	49,991,359
Other	207,813	214,552
Inheritance and Estate Taxes	\$ 83,461,499	\$ 83,359,872
Miscellaneous Taxes	\$ 9,697,606	\$ 12,138,263
Legal process	3,597,385	5,263,021
T.V.A. in lieu payments	6,046,676	6,814,492
Other	53,545	60,750
Nontax Receipts	\$ 266,792,632	\$ 260,466,324
Departmental fees	29,660,498	30,025,942
Fines and forfeitures	40,749,856	40,069,496
Interest on investments	28,217,850	13,342,627
Miscellaneous	168,164,428	177,028,259
Redeposit of State Funds	\$ 9,187,802	\$ 7,745,769

	2000-01	2001-02
Total State Road Fund	\$1,064,181,565	\$1,119,005,317
Tax Receipts—State Road Fund ..	992,142,884	1,052,848,911
Sales and Gross Receipts Taxes	\$ 821,552,966	\$ 873,623,010
Motor fuels taxes	408,801,115	429,812,296
Motor fuels use and surtax	15,492,738	14,124,035
Truck trip permits (fuel)	447,020	383,460
Motor vehicle usage	396,812,093	429,303,220
License and Privilege Taxes	\$ 170,589,918	\$ 179,225,901
Motor vehicles	76,861,958	84,510,332
Motor vehicle operator's license ...	5,592,769	5,564,009
Weight-distance tax	75,170,141	75,265,639
Truck decal fees	727,675	807,089
Other special fees	12,237,376	13,078,832
Nontax Receipts	\$ 69,204,781	\$ 64,071,745
Departmental fees	13,772,863	15,137,452
In lieu of traffic fines	2,005,215	1,960,687
Highway tolls	12,410,901	13,785,486
Miscellaneous	41,015,801	33,188,120
Redeposit of State Funds	\$ 2,833,900	\$ 2,084,661

Note: Amounts may not total due to rounding.

COLLECTION FEES

(KRS 131.440, 131.445)

Several cost of collection fees were imposed as a continuing part of the Kentucky Tax Amnesty Program enacted in 1988 and amended in 2002. These fees, **which are in addition to all other penalties provided by law**, are listed below.

- If a tax deficiency is assessed by the Revenue Cabinet for a tax period ending after December 1, 1987 and prior to December 1, 2001, a 50 percent cost of collection fee applies to the tax deficiency if the required tax return **was not** filed.
- If a tax deficiency is assessed by the Cabinet for a tax period ending prior to December 1, 2001, a 25 percent cost of collection fee applies to the tax deficiency if the required tax return for the period **was** filed.
- If any tax deficiency assessed by the Cabinet becomes final, due and owing, i.e., the tax due is not paid prior to expiration of the taxpayer's protest or appeal rights, a 25 percent cost of collection fee applies to the tax deficiency.

These cost of collection fees may not be waived unless it is demonstrated that the tax deficiency was not due to negligence, intentional disregard of administrative regulations or fraud.

The amnesty legislation also continues to specifically require the Revenue Cabinet to "vigorously pursue all civil, administrative and criminal penalties authorized by law for all taxes found to be due the Commonwealth."

Please refer to the "Civil penalties" and "Criminal penalties" sections of each specific tax described in this publication for information regarding other applicable penalties provided by law.

TAX INTEREST RATE

Since 1982, Kentucky law has required the Secretary of Revenue each year to review and, if necessary, change the rate of interest charged by the Revenue Cabinet on delinquent payments for all taxes. In this booklet, references to the “tax interest rate” are to the rates established under that law.

Specifically, Kentucky Revised Statute 131.183 set the initial rate effective July 1, 1982, at 16 percent, and required the rate to be adjusted “not later than November 15 of any year . . . if the adjusted prime rate charged by banks during October of that year, rounded to the nearest full percent, is at least one percentage point more or less than the tax interest rate which is then in effect. The tax interest rate shall be equal to the adjusted prime interest rate charged by banks rounded to the nearest full percent, and shall become effective on January 1 of the immediately succeeding year.”

Under this statute, the Cabinet has established the following rates:

Calendar Year	Tax Interest Rate
2002	6%
2001	10%
2000	8%
1999	8%
1998	9%
1997	8%
1996	9%
1995	8%
1994	7%
1993	7%
1992	8%
1991	10%
1990	11%
1989	10%

UNIFORM CIVIL PENALTIES

Except for certain property taxes, KRS 131.180 imposes uniform civil penalties for violation of tax laws administered by the Revenue Cabinet. The uniform civil penalties are listed below.

- A. **Late Filing**—2 percent of the total tax due for each 30 days or fraction thereof that a tax return or report is late. The maximum penalty is 20 percent of the total tax due. The minimum penalty is \$10. However, where the late filing is to replace a jeopardy assessment (KRS 131.150) the minimum penalty is \$100.
- B. **Late Payment (excluding estimated income tax payments) and Failure to Withhold or Collect Tax As Required by Law**—2 percent of the total tax due for each 30 days or fraction thereof that a payment is late. With the exception of sales and withholding taxes, the penalty does not apply if the taxpayer timely pays at least 75 percent of the tax due. The maximum penalty is 20 percent of the tax not timely withheld, collected or paid. The minimum penalty is \$10.
- C. **Underpayment or Late Payment of Estimated Income Tax**—10 percent of the amount of any underpayment or late payment (as determined under KRS 141.990(2) or (3)). There is no maximum for this penalty. The minimum penalty is \$25.
- D. **Failure to File or Failure to Furnish Information**—5 percent of the estimated tax due assessed by the Revenue Cabinet for each 30 days or fraction thereof that the return or report is not filed. The maximum penalty is 50 percent of the tax assessed. The minimum penalty is \$100.
- E. **Failure to Timely Pay or Protest Tax Assessed by the Cabinet**—2 percent of the unpaid tax for each 30 days or fraction thereof that the tax is final, due and owing but not paid. There is no maximum and no minimum for this penalty.
- F. **Failure to Timely Obtain any Required Tax Identification Number, Permit, License or Other Document of Authority**—10 percent of any cost or fee for the required identification number, permit, etc. There is no maximum for this penalty. The minimum penalty is \$50.

- G. **Negligence (by a taxpayer or other person)**—10 percent of the tax assessed resulting from the negligence. There is no maximum and no minimum for this penalty.
- H. **Fraud (by a taxpayer or other person)**—50 percent of the tax assessed resulting from the fraud. There is no maximum and no minimum for this penalty.
- I. **Unhonored (Cold) Check**—10 percent of the amount of the cold check. The maximum penalty is \$100. The minimum penalty is \$10.

Uniform civil penalties are assessed, collected and paid in the same manner as taxes. Multiple penalties may apply in certain situations. Any corporate officer or other person who becomes liable for payment of any tax assessed by the Cabinet is likewise liable for all applicable civil penalties and interest.

It is important to note that the penalties for negligence or fraud are assessed against the party who is guilty of the fraud or negligence, e.g., they can be assessed against a tax practitioner if the practitioner is the person who committed the negligence or fraud.

Civil penalties may be waived for reasonable cause. The law defines such cause to mean “an event, happening, or circumstance entirely beyond the knowledge or control of a taxpayer who has exercised due care and prudence in the filing of a return or report or the payment of monies due the Cabinet pursuant to law or administrative regulation.” Also, the unhonored check penalty (I) contains a provision requiring waiver if the taxpayer tendering the cold check shows to the Revenue Cabinet’s satisfaction that the bank’s failure to honor payment of the check resulted from error by parties other than the taxpayer.

If a taxpayer believes that a penalty is in error, that the penalty resulted from *reasonable cause*, or, in the case of an unhonored check, the taxpayer believes that someone else made an error resulting in a cold check, a letter protesting the penalty and describing the error or the *reasonable cause* which justifies waiver of the penalty should be mailed to the Revenue Cabinet.

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ABANDONED PROPERTY

(KRS 393.010 et seq.)

General: All property actually abandoned, or presumed abandoned, regardless of where located, owned by persons whose last known address is in Kentucky, according to the records of the holder, must be surrendered to the Treasury Department. Property is presumed abandoned when: owner dies without will and without heirs; heirs' addresses are unknown; savings accounts have been inactive for seven years and the owner is unknown; demand deposits have been inactive seven years; property paid into courts has been unclaimed for five years; certified checks and other instruments have been unclaimed for seven years; contents of abandoned safety deposit boxes have been unclaimed for seven years; any tangible or intangible property is held for a person whose last known address, according to records of the holder, is in Kentucky and no activity or communication has been made within the prescribed time limit. (This includes, but is not limited to, unclaimed stocks and dividends after seven years, unclaimed life insurance funds after seven years, and utility deposits and refunds after seven years.) Property presumed abandoned as of July 1, excluding travelers checks and money orders, an amount less than \$100 may be reported in the aggregate by the holder. The holder is required to maintain records of such amounts for five years.

Claims: Any person claiming an interest in abandoned property which has been surrendered to the Commonwealth may file a claim with the Treasury Department. The State Treasurer shall consider such claims and authorize payment if the claimant establishes his claim. Any person dissatisfied with the decision of the Treasurer may, within 60 days, appeal to the Franklin Circuit Court.

Report and remit by: November 1, all property presumed abandoned as of July 1.

Paid by: All individuals, state banks, national banks, trust companies, savings banks, industrial banks, land banks, safe deposit

companies, private bankers, joint stock companies, business trusts, partnerships, associations, utilities, courts of the Commonwealth, trustees, agents and insurance companies and corporations, foreign or domestic, doing business in this Commonwealth and all other forms of business enterprises doing business under the laws of this Commonwealth.

Administered by: Treasury Department.

Exemptions: Bonds of counties, cities, schools or other tax levying subdivisions of this Commonwealth. Any money, funds or other intangible property at any time held or owing for any minerals or other raw materials capable of being used for fuel in the course of manufacturing processing, production or mining (retroactive to June 1, 1960).

Penalty: For refusing to report as required by KRS 393.110, KRS 393.990 imposes a criminal penalty of a fine from \$50 to \$200 and/or imprisonment from 30 days to six months.

Report form used:

Treas. 400, Report of Property Presumed Abandoned.

ALCOHOLIC BEVERAGE WHOLESALE SALES TAX

(KRS 243.882 et seq.)

Rate: 9 percent of the gross receipts from sales at wholesale or wholesale sales of distilled spirits, wine and malt beverages within Kentucky. "Wholesale sale" or "sale at wholesale" means a sale made for the purpose of resale in the regular course of business, but excludes sales between wholesalers, and between distributors.

Method of collection: Monthly reporting system except for Kentucky farm wineries which pay on a quarterly basis.

Paid by: Wholesalers of distilled spirits and wine and distributors of malt beverages. Any other person making sales of alcoholic beverages to retailers or consumers in the Commonwealth is also required to pay the tax.

Administered by: Revenue Cabinet.

Date report due: 20th day of calendar month next succeeding the month or quarter in the case of Kentucky farm wineries in which possession or title of distilled spirits, wine or malt beverages is transferred from the wholesaler or distributor to retailers or consumers in this Commonwealth.

Date payment due: With report.

Compensation: 1 percent of the tax due, provided the amount due is not delinquent at the time of payment.

Exemptions: (1) Sales between wholesalers, and between distributors; (2) sales to federal agencies and instrumentalities; (3) sales for export by the seller to a point outside Kentucky not to be returned to a point within this Commonwealth; (4) sales made by a small winery, farm winery or wholesaler of wine produced by a small winery or farm winery.

Note: Until June 30, 2004, sales from a small winery or wholesaler of wine produced by a small winery if the grapes, grape juices, other fruits, other fruit juices, or honey from which the wine is made are not produced in Kentucky.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

- 73A525, Monthly Report of Distillers, Rectifiers, or Bottlers.
- 73A526, Wholesaler’s Monthly Distilled Spirits Tax Report.
- 73A575, Wholesaler’s Monthly Wine Tax Report.
- 73A576, Vintner’s Wine Report.
- 73A628, Distributor’s Monthly Malt Beverage Excise Tax and Wholesale Sales Tax Report.

BANK FRANCHISE TAX

(KRS 136.500 to KRS 136.570)

General: Every financial institution as defined in KRS 136.500(10) regularly engaged in business in this state at any time during the taxable year shall pay an annual state franchise tax for each taxable year or portion of a taxable year to be measured by its net capital as apportioned, if applicable. A financial institution is presumed to be regularly engaging in business in this state if during any taxable year it obtains or solicits business with 20 or more persons within this state, or if receipts attributable to sources in this state equal or exceed \$100,000.

Net Capital: The value of net capital for each year is determined by adding together the book values of the following accounts: capital stock paid in; surplus; undivided profits and capital reserves; net unrealized holding gains or losses on available for sale securities; and cumulative foreign currency translation adjustments. From this total is deducted an amount equal to the same percentage of the total as the book value of United States obligations and Kentucky obligations bears to the book value of the total assets of the financial institution. Net capital shall include equity related to investment in subsidiaries. The foregoing book values and deductions for United States obligations and Kentucky obligations for each year shall be determined by the reports of condition for each quarter filed for federal reporting purposes.

Rate: The franchise tax is assessed at the rate of one and one-tenth percent (1.1%) of net capital with a minimum of \$300 due per year.

Administered by: Revenue Cabinet.

Date annual return due: Returns are due on the 15th day of March reflecting the tax computation for the preceding calendar year. An automatic extension of up to 90 days for the filing of returns will be granted upon receipt of a written request.

Date payment due: The payment due date is the same as the return due date, disregarding an extension of time to file.

Penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates. Any financial institution subject to the annual franchise tax that fails to file a return or that fails to pay the tax as listed on the return shall not maintain an action, suit, or proceeding in any court or before any agency in this state or enforce in any way any obligation of any debts until the return is filed and the tax listed on the return is paid.

Apportionment of net capital: Financial institutions whose business activity is taxable both within and without this state must apportion net capital to this state by multiplying total net capital by an apportionment percentage. The apportionment percentage is determined by adding together the financial institution's receipts factor, property factor, and payroll factor and dividing the sum by three.

Interest: From the due date of the return, disregarding an extension of time to file, until the date the tax is paid, interest will be assessed at the tax interest rate as defined in KRS 131.010(6). See page xiii for information about the tax interest rate.

Revenue forms used:

- 73A801, Bank Franchise Tax Return (Financial Institutions).
- 73A802, Application for 90-Day Extension of Time to File Kentucky Bank Franchise Tax Return.

BEER EXCISE TAX

(KRS 243.720 et seq.)

Rate: \$2.50 per barrel of 31 gallons, proportioned for lesser amounts. Each brewer producing malt beverages in this Commonwealth is entitled to a credit of 50 percent of the tax levied on each barrel of malt beverages sold in this Commonwealth, up to 300,000 barrels per annum.

Method of collection: Monthly reporting system.

Paid by: Malt beverage distributors selling beer in the Commonwealth. Effective August 1, 1992.

Administered by: Revenue Cabinet.

Date report due: 20th day of each month next succeeding the month in which the distributor sells, transfers or passes title of the malt beverage to a retailer or consumer within the Commonwealth.

Date payment due: With report.

Exemptions: (1) Holders of railroad or commercial airlines systems licenses exempted by KRS 243.050(1)(2); (2) sales to federal agencies and instrumentalities exempted by Regulation 103 KAR 40:035; (3) sales for shipment outside Kentucky for sale through retail outlets and consumption outside Kentucky exempted by KRS 243.790.

Contraband: Defined in KRS 244.180. Seizure of contraband provided for by KRS 244.190. Contraband statutes are administered by the Department of Alcoholic Beverage Control.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, KRS 243.990(5) imposes a fine of not less than \$50 nor more than \$1,000 and/or imprisonment of not less than 30 days nor more than one year for violation of the law.

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

- 73A626, Brewer's Monthly Report Schedule.
- 73A627, Beer Distributor's Monthly Report.

BEER LICENSES

(KRS 241.010 et seq., 243.010 et seq.
and 244.010 et seq.)

License fees:	New Beer Retailer—\$200
	Brew-on-Premises—\$500
	Microbrewery—\$500
	Dining Car—\$200
	Brewer—\$2,500
	Distributor—\$500
	Renewal—Beer Retailer—\$150
	Out-of-State Brewer—\$1,500
	Limited Out-of-State Brewer—\$250
	Beer Transporter—\$100
	Special Temporary—\$50 ¹
	Limited Out-of-State Brewer—\$250
	Special Off-premises Retailer Storage—\$100
	Malt Beverage Warehouse—\$1,000
	Distributor's Storage—\$250
	Special Transporter—\$100 ²
	Duplicate License—\$25

Proportion of license fee: Full fee is charged for licenses issued six months or more before the license is due to be renewed. One-half fee is charged for licenses issued six months or less before the license is due to be renewed. No license may be issued for less than a six months' license fee. License fee cannot be prorated for one who was in business as a licensee during the last month before the license is due to be renewed. Special transporter licensee fee not prorated.

License period: Monthly renewals per KRS 243.090.

¹Special temporary licenses are issued solely for fairs, picnics, race meets and other special temporary occasions.

²Special transporter licenses are required for nonresidents who transport beer from or through Kentucky.

Date application due: Application for regular retail license must be filed 30 days before a license may be issued unless both the applicant and the premises to be licensed were licensed during the

preceding 12 months, in which case a license may be issued at any time after the application is received according to the discretion of the Administrators. All applicants applying for a renewal of license should do so 30 days in advance of the expiration date of the current license.

Date payment due: When application is filed. Certified check, cashier's check or money order required.

Paid by: Applicant.

Administered by: Department of Alcoholic Beverage Control.

Exemptions: None.

Transfer of license: A license may be transferred from one location to another if the licensed premises have been destroyed by an act of God or a casualty for which licensee was not responsible. An application for transfer from individual to a personal representative, assignee or committee must be accompanied by a court order.

Duplicate license: If one to whom a license has been issued loses the license, or if license is destroyed, the department may issue a duplicate license upon payment of a \$25 fee accompanied by an affidavit setting forth in detail the fact that the license has been lost or destroyed without fault on the part of the licensee, the licensee's agents or employees.

Penalties: KRS 243.480, 243.490 and 243.500 provide that any violation of law subjects license to suspension or revocation. KRS 243.990(2) imposes the following criminal penalties of a violation of KRS 243.020(1) (trafficking in alcoholic beverages without a license); first offense, deemed guilty of a Class B misdemeanor; second offense, deemed guilty of a Class A misdemeanor; and third and each subsequent offense, deemed guilty of a Class D felony. Criminal penalties are provided for other violations.

Application forms used:

Schedule "B" and Basic,

Application for Regular Retail License.

Schedule "W" and Basic 633	Application for Brewer, Beer Distributor (or Wholesaler). Application for Renewal Only for Retail Beer License.
Schedule "T"	Application for Special Beer Transporter License.
Schedule "S" and Basic Schedule "Temporary"	Beer Storage License. Special Temporary Beer License.
Schedule "Temporary"	Special Temporary Liquor License.
Schedule "Temporary"	Special Temporary Distilled Spirits and Wine License.
Schedule "Temporary"	Special Temporary Distilled Spirits and Wine Auction License.

CIGARETTE LICENSE

(KRS 138.130 et seq.)

License fees:

Resident wholesaler (each location)	\$500
Nonresident wholesaler (each location)	500
Subjobber (each location)	500
Vending machine operator	25
Transporter	50
Unclassified acquirer	50

Licenses not transferable or negotiable.

Definitions: Resident wholesaler means any person who purchases 75 percent of the cigarettes untaxed directly from the manufacturer and maintains a place of business in this Commonwealth where cigarette tax evidence is affixed.

Nonresident wholesaler means any person who buys cigarettes directly from the manufacturer and maintains a place of business outside this Commonwealth where Kentucky cigarette tax evidence is affixed.

Subjobber means any person who purchases cigarettes from a wholesaler licensed under KRS 138.195 on which the Kentucky cigarette tax has been paid and makes them available to retailers for resale. No person shall be deemed to make cigarettes available to retailers for resale unless such person certifies and establishes to the satisfaction of the Cabinet that firm arrangements have been made to regularly supply at least five retail locations with Kentucky tax-paid cigarettes for resale in the regular course of business.

Vending machine operator means any person who operates one or more cigarette vending machines within this Commonwealth.

Transporter means any person other than the manufacturer, who transports cigarettes on which the Kentucky cigarette tax has not been paid obtained from any source to any destination within this Commonwealth.

Unclassified acquirer means any person who acquires cigarettes on which the Kentucky cigarette tax has not been paid and who is not otherwise required to be licensed under KRS 138.195.

License period: One year—July 1 through June 30. License fees are the same for a fraction of a year as for the entire year.

Date payment due: With application.

Paid by: Applicant.

Reports due: All wholesaler and unclassified acquirer licensees are required to submit a report by the 20th of each month for preceding month. Other licensees are required to submit information when requested.

Administered by: All licenses issued directly, upon application, from the Revenue Cabinet, Frankfort, Kentucky 40620.

Exemptions: None.

Diversified operator: More than one license may be required of a diversified operator.

Out-of-state licensee: Applicant required to designate a process agent.

Revocation: For failure to abide by the provisions of the cigarette tax law, licenses may be revoked under the provisions of KRS 138.195(8).

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also see KRS 138.990(1)(2)(3) for additional criminal penalties.

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Application form used:

73A181, Cigarette Licenses Application.

License issued:

73A190, Cigarette License.

CIGARETTE TAX

(KRS 138.130 et seq.)

Rate: A proportionate rate of 3 cents on each 20 cigarettes sold within the Commonwealth.

Date payment due: Tax stamps purchased and paid for in advance.

Paid by: Resident and nonresident wholesalers and unclassified acquirers licensed to receive cigarettes on which the Kentucky cigarette tax has not been paid. No other person, except a cigarette manufacturer, may acquire such cigarettes. Tax evidence must be purchased within 48 hours of receipt of cigarettes on which the Kentucky cigarette tax has not been paid. The tax evidence must be affixed to the packages prior to retail sale and before importation into the Commonwealth by a nonresident wholesaler. The unclassified acquirer must affix tax evidence within 24 hours.

Administered by: Revenue Cabinet.

Date reports due: A report is required, by the 20th of each month for the preceding month, from all persons qualified to receive cigarettes on which the Kentucky cigarette tax has not been paid.

Exemptions: Cigarettes sold by certain recognized instrumentalities of the federal government. Cigarettes sold, shipped or delivered outside the Commonwealth. No tax shall be paid on cigarettes donated to hospitals or other eleemosynary institutions for the benefit of, or for the use of patients or inmates of such institutions. Any institution desiring to distribute tax-free cigarettes must enter into an agreement with, and secure a permit from, the Cabinet.

Compensation: All licensed wholesalers are allowed in compensation an amount of tax evidence equal to 30 cents face value for each \$3 of tax evidence purchased at face value. This equates to a discount of 9.09 percent.

Contraband: Any cigarettes on which the Kentucky cigarette tax has not been paid, held, owned, possessed or in control of any person not properly licensed are declared contraband and subject to seizure under the provisions of KRS 138.165(1). Any vending machines dispensing cigarettes on which the Kentucky cigarette tax has not been paid within the Commonwealth and any motor vehicles transporting cigarettes on which the Kentucky cigarette tax has not been paid are also declared contraband and subject to seizure by KRS 138.165(3)(4).

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates. Also, a civil penalty of \$500 is imposed for the violation of any provision of the law (KRS 138.205(1)). In addition, the Cabinet may withdraw compensation from any wholesaler and may revoke any licenses for the failure to comply with the provisions of the law or any regulations promulgated thereunder.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, any person who makes a false entry upon any invoices or any record relating to the purchase, possession, transportation or sale of cigarettes, and presents any such false entry, to the Cabinet or any of its agents, with the intent to avoid tax shall be guilty of a Class D felony (KRS 138.990(4)). Any person who shall counterfeit any cigarette tax evidence shall be guilty of a Class D felony (KRS 138.990(5)). Any person who sells, offers to sell or uses counterfeit cigarette tax evidence, affixed or unaffixed, with the intention of evading any tax shall be guilty of a Class D felony (KRS 138.990(6)). See KRS 138.990(1) for additional criminal penalty.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

73A404, Cigarette Tax Stamps Order Form.

73A420, Monthly Report of Cigarette Wholesaler.

Note: All cigarette wholesalers are required to report and pay a “Cigarette Enforcement and Administration Fee” for each package of cigarettes to which Kentucky tax evidence is affixed (KRS 365.390). The fee rate is established annually by the Secretary of Revenue. The fee is reported and paid with the Monthly Report of Cigarette Wholesaler, Form 73A420. The fee rate for July 1, 2001, through June 30, 2002, is one-tenth of 1 cent (.001) per package.

CIGARETTES—UNFAIR SALES LAW

(KRS 365.260 et seq.)

Provisions: Prohibits the selling of cigarettes by wholesalers and retailers below “cost.” Wholesalers and retailers may submit evidence to show their “cost of doing cigarette business” is lower than the statutory presumption. In the absence of proof of the cost of doing business, the wholesaler adds 2 percent to the basic cost of the cigarettes for sale at the place of business and an additional 0.75 percent when delivery is made to the retailer. The retailer adds 8 percent to the basic cost of the cigarettes as the cost of doing business.

Administered by: Revenue Cabinet.

Penalties: Revocation of wholesaler’s license, fines up to \$1,000 for each offense and court injunction by aggrieved persons under KRS 365.280(1) and KRS 365.350.

Report form used:

73A420, Monthly Report of Cigarette Wholesaler.

Note: To provide for administration of the cigarette tax and enforcement of the unfair cigarette sales law, all cigarette wholesalers are required to report and pay a “Cigarette Enforcement and Administration Fee” for each package of cigarettes to which Kentucky tax evidence is affixed (KRS 365.390). The fee rate is established annually by the Secretary of Revenue. The fee is reported and paid with the Monthly Report of Cigarette Wholesaler, Form 73A420. The fee from July 1, 2001, through June 30, 2002, is one-tenth of 1 cent (.001) per package.

COAL TAX

(KRS 143.010 et seq.)

Rate: 4.5 percent of gross value of coal severed and/or processed or 50 cents per ton minimum on severed coal, whichever is greater. The minimum tax does not apply to a taxpayer who only processes coal. Depending on coal seam thickness, a credit of 2.25–3.75 percent of the gross value of the coal may apply.

Registration: Every individual, partnership, joint venture, association or corporation prior to engaging in severing and/or processing coal in Kentucky shall file an application for a Certificate of Registration with the Cabinet. Certificates of registration shall not be assignable.

Returns: Returns for monthly periods are to be filed within 20 days after the close of the period.

Payments: Remittance of tax due shall be made at time of filing the required monthly return.

Administered by: Revenue Cabinet.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, for failure to file the required return or remit the tax due under the provisions of KRS Chapter 143, the taxpayer shall be guilty of a misdemeanor, and upon conviction, shall be fined in an amount not to exceed \$1,000 or imprisoned for a period not to exceed six months, or both. In addition, for failure to obtain a Certificate of Registration or operating after a Certificate of Registration has been cancelled or revoked, the taxpayer shall be guilty of a

misdemeanor and upon conviction shall be fined an amount not less than \$100 nor more than \$1,000 or imprisoned for a period not to exceed six months, or both.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

- 10A100, Kentucky Tax Registration Application for Withholding, Corporation, Coal, Sales and Use Taxes.
- 55A004, Coal Severance Tax Seller's Certificate.
- 55A100, Coal Tax Return.

COMMERCIAL DRIVER'S LICENSE

(KRS Chapter 281A)

The Commercial Motor Vehicle Safety Act passed by the U.S. Congress in October 1986, mandated all licensing jurisdictions to pass legislation requiring uniform testing and licensing of their commercial motor vehicle operators. A commercial motor vehicle is defined as any vehicle that has a Gross Vehicle Weight Rating (GVWR) of 26,001 pounds or more, a vehicle hauling hazardous materials as federally placarded and any vehicle designed to transport 16 or more passengers, including the driver.

Exemptions (KRS 281A.050): Farmers, military, firefighters and other emergency equipment operators, and drivers of recreational vehicles.

Fees (KRS 281A.150):

Test/Application:	\$24.00
Test/Application with "S" Restriction	\$ 9.00
Commercial Driver's License Instruction Permit	\$11.00
Commercial Driver's License Prorated Fee Depending on Months Remaining on Current Operator's License:	
1-12 months	\$13.75
13-24 months	\$22.50
25-36 months	\$31.25
37-48 months	\$40.00
Commercial Driver's License with "S" Restriction:*	
1-12 months	\$ 8.00
13-24 months	\$ 9.00
25-36 months	\$10.00
37-48 months	\$11.00
Commercial Driver's License Duplicate (1st duplicate)	\$40.00
Commercial Driver's License Duplicate (2nd duplicate)	\$60.00
Commercial Driver's License Renewal with "S" Restriction	\$20.00
Commercial Driver's License Renewal	\$35.00
Commercial Driver Reinstatement Fee	\$50.00

*“S” Restriction (KRS 281A.150(8))—any driver operating a school bus, mass transit authority vehicle or nonprofit vehicle ONLY, is eligible for a lower commercial driver’s license fee.

Commercial driver’s license instruction permits are valid for six months. Commercial driver’s licenses are valid up to four years and will expire 30 days after birthdate.

Application for a commercial driver’s license is made to the circuit court clerk of the county in which the applicant resides. Applicant must complete a commercial driver’s application form (TC 94-32) and present to the clerk. Applicant must have a valid operator’s license and D.O.T. medical certificate. Two national computer checks (National Driver Register and Commercial Driver License Information System) are run to verify eligibility and validity of applicant. Applicant responsible for all fees. License fees are paid to the circuit court clerk.

Administered by: Commercial driver’s license program and licensing administered by Transportation Cabinet, Division of Driver Licensing.

Penalties (KRS 281A.190): Disqualifications and suspension periods when operating a commercial motor vehicle.

CORPORATION INCOME TAX

(KRS 136.010 et seq.)

Who Must File: Every corporation (a) organized under the laws of Kentucky, (b) having its commercial domicile in Kentucky, (c) owning or leasing property in Kentucky, (d) having one or more individuals employed or subject to unemployment insurance tax in Kentucky, or (e) which is a partner in a partnership doing business in Kentucky shall pay for each taxable year a tax to be computed by the taxpayer upon the taxable net income of the corporation. Except for specific statutory differences, Kentucky's definition of net income is based on the federal definition of gross income in Section 61 of the December 31, 2001 Internal Revenue Code less the deductions allowed in Chapter 1 of the December 31, 2001 Internal Revenue Code.

Exemptions: Corporations which are exempt by law from Kentucky income tax include: (a) state and national banks and trust companies, except bankers banks organized under KRS 287.135, (b) savings and loan associations organized under the laws of this state and under the laws of the United States and making loans to members only, (c) banks for cooperatives, (d) production credit associations, (e) insurance companies, including farmers or other mutual hail, cyclone, windstorm, or fire insurance companies, insurers, and reciprocal underwriters, (f) corporations exempt under Section 501 of the Internal Revenue Code, (g) religious, educational, charitable, or like corporations not organized or conducted for pecuniary profit, and (h) corporations having no individuals receiving compensation as defined in KRS 141.120(8)(b) in this state, and whose only owned or leased property located in this state is located at the premises of a printer with which it has contracted for printing, if such property consists of the final printed product, property which becomes a part of the final printed product, or copy from which the printed product is produced.

Estimated tax payments: Every corporation whose income liability for the year can reasonably be expected to exceed \$5,000 must

make estimated tax payments. In general, the first estimated tax payment must be made by the 15th day of the sixth month of the taxable year. To determine the amount of the first payment, subtract \$5,000 from the estimated full-year tax liability, and divide the result by two. The remaining one-half is due in equal installments on the 15th day of the ninth and 12th month, respectively.

Rates:

First \$25,000	4%
Next \$25,000	5%
Next \$50,000	6%
Next \$150,000	7%
Excess over \$250,000	8.25%

Rate of tax for business development corporation, KRS 155.010 et seq., is 4.5 percent of total net income.

Administered by: Revenue Cabinet.

Date annual return due: Returns are due on the 15th day of the fourth month following the close of the taxable year. For calendar year taxpayers this date is April 15.

Date payment due: Except when a declaration of estimated tax is required, the payment due date is the same as the return due date, disregarding an extension of time to file. (See Estimated Tax Payments.)

Allocation of income: Corporations having property or payroll only in this Commonwealth shall allocate the entire net income to this Commonwealth.

Corporations having property or payroll both within and without this Commonwealth shall use the statutory formula in determining net income earned within this Commonwealth. The statutory formula is derived by determining the percentage that the value of the tangible property, the payroll and sales within this Commonwealth bear to the value of the total tangible property, total payroll and total sales of the corporation. The Uniform

Division of Income for Tax Purposes Act apportionment formula is employed, except that the sales factor is double weighted.

Small business corporation: Electing small business corporations which qualify under the December 31, 2001 Internal Revenue Code must file Form 720S and pay tax on certain capital gains as required under KRS 141.040(5).

Electing small business corporations which do not qualify under the December 31, 2001 Internal Revenue Code must file Form 720.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates. Failure to pay estimated tax installments equal to the amount determined by subtracting \$5,000 from 70 percent of the total income tax liability shown on the return for the taxable year will result in the assessment of an underpayment penalty. The amount of the penalty is 10 percent of the amount of the underpayment, but not less than \$25. (KRS 141.990(2)(3)).

Criminal penalties: Any taxpayer who willfully fails to make a return or willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Any person failing to make a return, making a false return or failing to pay taxes due or collected with intent to evade shall, upon conviction thereof, be fined not less than \$500 nor more than \$5,000, or imprisoned for not less than 12 months nor more than five years, or both (KRS 141.990(5)).

Any person who willfully aids or assists in, procures, counsels or advises the preparation or presentation of a return, affidavit, claim or other document, which is fraudulent or false as to any material matter shall, upon conviction thereof, be fined not more than \$5,000, or imprisoned not more than three years, or both, together with the costs of prosecution (KRS 141.990(6)).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the due date of the return, disregarding extension of time to file, until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Application used:

10A100, Kentucky Tax Registration Application for Withholding, Corporation, Coal, Sales and Use Taxes.

Report forms used:

41A720, Kentucky Corporation Income and License Tax Return.
41A720-ES, Corporation Estimated Income Tax Voucher.
41A720S, Kentucky S Corporation Income and License Tax Return.
41A720A, Schedule A—Apportionment and Allocation.
41A720SL, Application for Extension of Time to File Kentucky Corporation Income and License Tax Return.

CORPORATION LICENSE TAX

(KRS 136.010 et seq.)

Who must file: A Kentucky License Tax Return must be filed by every corporation (a) organized under the laws of Kentucky, (b) having its commercial domicile in Kentucky, (c) owning or leasing property in Kentucky, or (d) having one or more individuals employed or subject to unemployment insurance tax in Kentucky.

Exemptions: Corporations which are exempt by law from Kentucky license tax include: (a) financial institutions as defined in KRS 136.500, (b) savings and loans associations organized under the laws of this state and under the laws of the United States and making loans to members only, (c) open-end registered investment companies organized under the laws of this state and registered under the Investment Company Act of 1940, (d) production credit associations, (e) insurance companies, including farmers' or other mutual hail, cyclone, windstorm or fire insurance companies, (f) insurers and reciprocal underwriters, (g) public service companies subject to taxation under KRS 136.120, (h) those corporations exempted by Section 501 of the Internal Revenue Code, (i) any property or facility which has been certified as an alcohol production facility as defined in KRS 247.910, (j) any property or facility which has been certified as a fluidized bed energy production facility as defined in KRS 211.390, and (k) any other religious, educational, charitable or like corporations not organized or conducted for pecuniary profit.

Rate: \$2.10 on each \$1,000 of the capital employed in the business which is apportioned to Kentucky; minimum tax is \$30.¹

Tax is subject to a credit in the following circumstances: Every corporation with gross receipts of not more than \$500,000 shall be entitled to a credit equivalent to \$1.40 per \$1,000 of the initial \$350,000 of capital employed in the business, as computed under the provisions of KRS 136.070(2) and (3).

¹Capital employed in the business is apportioned by the Uniform Division of Income for Tax Purposes Act.

Tax period: One year.

Date payment due: Same date as return due date, disregarding an extension of time to file.

Administered by: Revenue Cabinet.

Date return due: April 15 if reporting on calendar year basis or 15th day of fourth month following close of the taxable year. Assessment is computed by the taxpayer.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the due date of the return, disregarding extension of time to file, until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Application used:

10A100, Kentucky Tax Registration Application for
Withholding, Corporation, Coal, Sales and Use
Taxes.

Report forms used:

41A720, Kentucky Corporation Income and License Tax
Return.
41A720S, Kentucky S Corporation Income and License Tax
Return.
41A720A, Schedule A—Apportionment and Allocation.

CORPORATION ORGANIZATION TAX

(KRS 136.060)

Rate: 1 cent per share authorized up to and including 20,000 shares; one-half cent for each share in excess of 20,000 up to and including 200,000 shares; and one-fifth of 1 cent for each share in excess of 200,000 shares.

Date payment due: At incorporation and at time of filing an amendment on the excess.

Paid by: Every corporation incorporated under the laws of this Commonwealth with capital stock divided into shares.

Administered by: Secretary of State.

COUNTY PAYMENTS TO STATEWIDE FOREST FIRE PROTECTION

(KRS 149.540)

Rates: Two cents (\$0.02) per acre of privately owned timberlands—assessed to the county.

Tax period: Annually.

Date payment due: September 15 each year following the assessment.

Paid by: All counties receiving state forest fire protection and all counties having received notice of the intended establishment of such service.

Administered by: Natural Resources and Environmental Protection Cabinet.

Special notes: Contributions may be made out of the general funds of the county and in addition the fiscal court may require each owner of timberland in the county to participate directly by paying into a special county forest fire protection fund an assessment not exceeding three cents (\$0.03) per year for each acre of timberland of which he is the owner.

KRS 149.180 COLLECTION OF COSTS OF FIRE FIGHTING FROM PERSON RESPONSIBLE FOR FIRE—DISPOSITION states that a special fund will be maintained by the Natural Resources and Environmental Protection Cabinet to deposit fire suppression costs collected by the courts from parties found responsible for a forest fire. These monies will be repaid to the county if the county has fully paid their annual forest fire protection assessment in accordance with KRS 149.540.

CREDIT UNION SAVINGS ACCOUNT TAX

(KRS 132.047)

KRS 132.047 requires credit unions to pay an annual tax of one-tenth of 1 cent per \$100 of savings accounts of members.

However, KRS 290.635 enacted by the 1984 General Assembly (SB 255) effectively negates the tax by providing that “Any credit union organized under KRS 290.015 . . . and all shares and deposits therein shall be exempt from all taxation.” This statute further provides that, except for the real and tangible personal property, “No law which taxes corporations in any form, or the shares or deposits thereof . . . shall apply to any such credit union. . . .” Therefore, the Revenue Cabinet has not enforced the KRS 132.047 tax since 1984.

DISTILLED SPIRITS AD VALOREM TAX

(KRS 132.020 and 132.130 et seq.)

Rate: The state tax rate on distilled spirits in bonded warehouses is 5 cents per \$100. Local tangible property tax rates apply.

Assessment: Spirits in bonded warehouses assessed by Revenue Cabinet as of January 1 each year.

Date payment due: September 15 following assessment date, and shall become delinquent on January 1.

Paid by: Owner of bonded warehouse.

Administered by: Revenue Cabinet, Department of Property Valuation.

Date report due: Between January 1 and February 1.

Exemptions: None.

Civil penalties: Any taxes which are not paid by the date when they become delinquent are subject to a penalty of 10 percent on the taxes due and unpaid; except that taxes which become delinquent on January 1 shall be subject to a penalty of only 5 percent on the taxes due and unpaid, if paid on or before the last day of January.

Criminal penalties: For failure to make reports as required by KRS 132.130, KRS 132.990(1) imposes a fine of not more than \$500. Also, any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Report form used:

61A508, Annual Report of Distilled Spirits in Bonded Warehouses.

DISTILLED SPIRITS AND WINE EXCISE TAXES

(KRS 243.720 et seq.)

Rate: \$1.92 per wine gallon on distilled spirits (25 cents per gallon of distilled spirits where distilled spirits represent less than 6 percent of contents of retail container), 50 cents per wine gallon on wine. Minimum tax of 4 cents on any retail container of wine. Metric equivalents are 50.73 cents per liter on distilled spirits, 13.21 cents per liter on wine.

Method of collection: Monthly reporting system.

Paid by: Wholesaler of distilled spirits and wine. Distiller, rectifier, bottler or vintner on all alcoholic beverages used in sampling or disposed of otherwise within the Commonwealth.

Administered by: Revenue Cabinet.

Date report due: 20th day of each month next succeeding the month in which possession or title of the alcoholic beverage is transferred from the wholesaler to retailers or consumers in this Commonwealth or used in sampling by the distiller, rectifier, bottler or vintner.

Kentucky farm wineries are required to report and pay excise taxes on a quarterly rather than a monthly basis. Quarterly returns, Revenue Form 73A576, are to be used by Kentucky farm wineries and are due on the 20th day following the close of the calendar quarter.

Date payment due: With report.

Exemptions: (1) Wine manufactured, sold, given away or distributed and used solely for sacramental purposes; (2) distilled spirits and wine purchased by holders of special licenses provided for in KRS 243.320 and 243.330 and purchased and used in the manner authorized by these licenses; (3) holders of railroad or commercial airline system licenses exempted from excise tax by KRS 243.050(1)(2); (4) sales to federal agencies and instrumentalities exempted by Regulation 103 KAR 40:035; (5) sales for shipment outside Kentucky for sales through retail outlets and consumption outside Kentucky exempted by KRS 243.790.

Contraband: Defined in KRS 244.180. Seizure of contraband provided for by KRS 244.190. Contraband statutes are administered by the Department of Alcoholic Beverage Control.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, criminal penalty for violation of law, fine of not less than \$50 nor more than \$1,000 and/or imprisonment of not less than 30 days nor more than one year provided by KRS 243.990(5).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

- 73A525, Monthly Report of Distillers, Rectifiers and Bottlers.
- 73A526, Wholesaler's Monthly Distilled Spirits Tax Report.
- 73A527, Wholesaler's List of Individual Spirits Shipments Acquired.
- 73A530, Consignor's Report of Alcoholic Beverages Shipped. (Distiller-Vintner)
- 73A531, Transporter's Report of Alcoholic Beverages Delivered.
- 73A575, Wholesaler's Monthly Wine Tax Report.
- 73A576, Vintner's Wine Report.

DISTILLED SPIRITS AND WINE LICENSES

(KRS 241.010 et seq., 243.010 et seq.,
and 244.010 et seq.)

License fees:

Retail ¹			Supple- ³
In counties	Package	Drink ²	mental
having:	License	License	Bar License
1st class cities	\$ 800	\$1,000	\$1,000
2nd class cities	700	700	700
3rd class cities	600	600	600
4th class cities	500	500 ⁴	500
All others	400	None issued	None issued

License fees:

Retail ¹	Motel	Airport	Limited
In counties	Drink	Drink	Restaurant
having:	Liquor	Liquor	Liquor Drink
1st class cities	\$1,000	\$1,000	\$1,000
2nd class cities	700		700
3rd class cities	600		600
4th class cities	500 ⁴		500
All others	None issued		500

Convention center license	\$5,000
Blender's license	2,500
Distiller's license	2,500
Rectifier's license	2,500
Air or rail system license	2,000
Automobile race track	2,000
Extended hours supplemental license	2,000
Horse race track license	2,000
Wholesaler's license	2,000
Bonded warehouse license	1,000
Bottling house storage license	1,000
Golf course liquor/wine/beer drink	1,000
Riverboat license	1,000
Vintner's license	1,000
Caterer's license	800

Airline systems transporter license	500
Private club license	500
Restaurant wine license	500
Souvenir retail package liquor license	500
Special storage or warehouse license	500
Special Sunday retail drink	500
Hotel in room license	200
Dining car license	100
Distilled spirits and wine sampling	100
Farm winery license	100
Freight forwarder license	100
Nonresident special agent or solicitor's license	100
Nonresident transporter license (see Regulation ABC 3:30)	100
Small winery license	100
Special temporary liquor license, per event	100
Special temporary wine auction license	100
Through transporter license (see Regulation ABC 3:160)	100
Transporter's license	100
Transporter's permit	100
Small winery special temporary wine license	50
Special temporary wine license	50
Nonbeverage vendor, industrial or non-industrial license	50
Duplicate license	25
Farm winery retail outlet license	25
Farm winery, off premises	25
Small winery off premises retail license	25
Special agent or solicitor's license	25

¹County or city fees may not exceed fees outlined in KRS 243.060 and 243.070.

²Special temporary drink licenses—\$100.

³After five licenses no additional fees required.

⁴If legally voted for retail drink.

Note: Applicant for Souvenir Retail Liquor Package must be a licensed Kentucky Distillery containing a gift shop or retail outlet on distillery premises.

License period: Monthly renewals per KRS 243.090.

Date application due: Application for licenses required to post public notice must be filed 30 days before license may be issued unless the applicant held a license at the same premises during the previous year. All other licenses issued under the ABC law may be issued at the discretion of the Administrators. All renewal applications must be on file 15 days before the license may be renewed.

Date payment due: When application filed. Certified check, cashier's check or money order required.

Paid by: Applicant.

Administered by: Department of Alcoholic Beverage Control.

Exemptions: None.

Transfer of license: No license may be transferred without the proper application for transfer, the required fees, and the approval of the Administrators. However, a transfer of license from one location to another by the same licensee if the licensed premises have been destroyed by a casualty for which the licensee was not responsible, will not require new applications and fees. These applicants must request, in writing, the approval to continue business at a new location under the current license. An application for transfer from individual to a personal representative, assignee or committee must be accompanied by a court order showing that applicant has been appointed.

Duplicate license: If a licensee loses the license, or it is destroyed, the department may issue a duplicate license upon the payment of a \$25 fee, accompanied by an affidavit setting forth in detail the fact that the license has been lost or destroyed without fault on the part of the licensee, the licensee's agent or employee.

Penalties: For violation of the law by licensee, suspension or revocation of license provided by KRS 243.480, 243.490 and 243.500. KRS 243.990(2) imposes the following criminal penalties of a violation of KRS 243.020(1) (trafficking in alcoholic beverages without a license); first offense, deemed guilty of misdemeanor

and fined from \$100 to \$200 and/or imprisonment not to exceed six months; second offense, deemed guilty of misdemeanor and fined from \$200 to \$500 and/or imprisonment not to exceed six months; third and each subsequent offense, deemed guilty of a felony and fined from \$500 to \$5,000 and/or imprisonment not to exceed five years. Criminal penalties are provided for other violations of the law in KRS 243.990(1)(3)(4) and KRS 244.990(1)(2)(3).

Application forms used:

Schedule "S/R" and Basic	Application for Retail Drink, Restaurant Drink, Airport Drink, Motel or Private Club License.
Schedule "M" and Basic	Application for Distiller, Rectifier, Blender, Vintner, Farm Winery and Small Winery.
Schedule "A"	Application for Agent or Solicitor's License.
Schedule "R" and Basic	Application for Retail Package Liquor, Liquor Package Sampling and Package Liquor License.
Schedule "T" and Basic	Application for Transporters Liquor and Airline Systems Transporters License.
Schedule "T" and Basic	Application for Nonresident Transporters Liquor License.
Schedule "S" and Basic	Application for Bonded Warehouse and Storage Warehouse.
Schedule "I" and Basic	Industrial Alcohol Liquor, Non Industrial Alcohol and Non Beverage Alcohol Vendor License.

Schedule "S/R" and Basic	Rail or Air Systems Liquor, Riverboats, Motel, Private Club and Dining Cars License.
Schedule "F" and Basic	Restaurant Wine, Restaurant Liquor Drink and Caterer License.
Schedule "L" and Basic	Limited Restaurant Drinks and Golf Course Drinks.
Schedule "W" and Basic	Wholesalers and Distributors.
Schedule "X" and Basic	Airport Drink, Convention Center Drink, Automobile Race Track Drink and Horse Race Track Drink.
"Temporary"	Temporary Wine, Liquor Drink and Temporary Auction.

DISTILLED SPIRITS TAX (Case Sales Tax)

(KRS 243.710)

Rate: 5 cents per case on all distilled spirits sold in Kentucky by wholesalers to retailers.

Date payment due: With report.

Paid by: Wholesaler.

Administered by: Revenue Cabinet.

General: No wholesaler may possess, receive, sell, buy or offer to buy any merchandise unless he has been named the authorized distributor for the specific brand or brands at least 10 days previously.

Exemptions: Exports and sales to federal reservations, agencies and instrumentalities.

Date report due: 20th of each month for preceding month.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates. Also, KRS 243.480, 243.490 and 243.500 provide that any violation of the act subjects the license to possible suspension or revocation.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

73A526, Wholesaler's Monthly Distilled Spirits Tax Report.

DOMESTIC LIFE INSURANCE COMPANY TAX

(KRS 136.320)

Rate: State property tax rate on taxable capital is being phased downward according to the following schedule:

2002—28 cents on each \$100 of value;

2003—14 cents on each \$100 of value;

2004 and thereafter—One-tenth of one cent on each \$100 of value

State property tax rate on taxable reserves is one-tenth of one cent on each \$100 of value.

Local rates on value of taxable capital must not exceed 15 cents per \$100 for county and 15 cents per \$100 for city. Reserves are not subject to local tax rates.

Tax period: One year.

Date payment due: 2 percent discount if paid by November 1.

Paid by: Company.

Collected by: State taxes on *taxable capital* and *taxable reserves* are collected directly by the Revenue Cabinet. The sheriff collects taxes due the local taxing districts.

Administered by: Revenue Cabinet, Department of Property Valuation. The Cabinet bills each company for state taxes by September 1. The Cabinet immediately certifies to the county clerk of the county in which the principal office of the company is located the value of taxable capital subject to local taxation. The county clerk then prepares and delivers a bill to the sheriff for taxes collectable by the sheriff. He certifies the assessment to other agencies permitted to levy a tax.

Date report due: Companies are required to file report by April 1 each year as of preceding January 1.

Penalty: KRS 134.020(4) imposes a 5 percent penalty on taxes paid on or before January 31 following January 1 delinquency date; thereafter 10 percent.

Report form used:

62A329, Annual Report of Domestic Life Insurance Companies.

FINANCIAL INSTITUTION DEPOSITS TAX

(KRS 132.030, 132.040)

Rate: One-tenth of 1 cent per \$100 of financial institution taxable deposits.

Tax period: One year.

Date payment due: On or before March 1 each year.

Paid by: Banks and trust companies for depositors (as defined in KRS 136.500(10)).

Administered by: Revenue Cabinet, Department of Property Valuation.

Date report due: Banks and trust companies are required to report by March 1 each year on deposits as of January 1.

Exemptions: Deposits of educational, governmental and purely public charitable institutions; religious institutions; nonresidents unless deposits have acquired situs in Kentucky; other banks; building and loan companies; public service taxpayers. Deposits in credit unions are exempt per KRS 290.635.

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

62A850, Bank Deposits Tax Return.

FOR-HIRE AUTHORITY CERTIFICATES

(KRS 281.620 and 281.650)

Rate: \$25 with application for certificate.

Date payment due: When application is made for certificate, and by December 31 of each year thereafter.

Paid by: Applicant for motor carrier certificate.

Administered by: Transportation Cabinet.

HAZARDOUS WASTE MANAGEMENT ASSESSMENT

(KRS 224.46-580)

Rates:*	Off-Site Disposal Assessment	On-Site Disposal Assessment
Waste Category		
Liquid Waste	\$0.012/lb.	\$0.006/lb.
Solid Waste	\$0.002/lb.	\$0.001/lb.

Tax period: Annually.

Date payment due: On or before January 1 of each year.

Paid by: Generators of hazardous waste until June 30, 2004.

Administered by: Natural Resources and Environmental Protection Cabinet.

Date report due: On or before January 1 of each year.

Exemptions: Generators of special wastes as defined in KRS 224.50-760, generators of waste oil, generators of spent material from air pollution control devices controlling emissions from coke manufacturing facilities, emission control dust and sludge from the primary production of steel that is recycled by high temperature metals recovery on managed by stabilization of metals, waste subject to Section 402 or 307B of the Clean Water Act, or for secondary handlers that store, process or reclaim waste generated by in-state generators.

Penalties: KRS 224.46-580 imposes these penalties: for failure or refusal to file a return, the Natural Resources and Environmental Protection Cabinet (NREPC) may make an estimate, issue an assessment and add a penalty of 10 percent initially plus seek all other applicable penalties under KRS 224.99-010; for failure to make and file a return on or before the due date or extended due date, NREPC may add a penalty of 5 percent for each 30 days or

fraction thereof between the due date and the filing date, but the total penalty shall not exceed 25 percent.

Interest: Interest at the rate of 8 percent per annum shall be charged upon the unpaid amount from the prescribed payment date until payment is made.

Report form used: Hazardous Waste Tax Return.

Note: If the State Treasurer certifies to the Natural Resources and Environmental Protection Cabinet that the uncommitted balance of the hazardous waste management fund exceeds \$6 million, assessments shall not be collected until the balance in the fund is less than \$3 million. For assessments collected in excess of the cap, the cabinet shall refund or grant a credit against the next assessment to come due, on a prorated basis.

*Hazardous waste injected into a permitted underground injection well shall be assessed on a day weight basis.

HEALTH CARE PROVIDER TAX

Rate: 2.5 percent of the gross revenues received by providers for providing hospital services.

2.0 percent of the gross revenues received by providers for providing nursing facility services, health maintenance organization services, licensed home health care agency services and intermediate care facility services for the mentally retarded.

1.5 percent of the gross revenues received by providers for providing physician services for the period of August 1, 1996, through June 30, 1997.

1.0 percent of the gross revenues received by providers for providing physician services for the period of July 1, 1997, through June 30, 1998.

0.5 percent of the gross revenues received by providers for providing physician services for the period of July 1, 1998, through June 30, 1999.

After June 30, 1999, the tax on physician services is phased out.

25 cents per prescription for outpatient prescription drug dispensed or delivered by a pharmacy or other provider until June 30, 1999.

On July 1, 1999, 15 cents per prescription for outpatient prescription drug dispensed.

After June 30, 2000, the tax on prescriptions is phased out.

Method of collection: Monthly reporting system.

Date payment due: With report.

Date report due: 20th day of the month following the month in which revenues were received.

Administered by: Revenue Cabinet.

Exemptions: Facilities operated by the federal government, charitable providers, amounts received by a provider from another provider subject to the tax, amounts received as a grant or donation

for research or experimental programs, salaries or wages received by an individual provider as an employee of a charitable provider or any government entity, salaries or wages received by an individual provider as an employee of a public university student health facility, premiums received by HMOs.

Registration required: Every provider must complete and submit an application for certificate of registration prior to providing taxable services.

Civil penalties: KRS 131.180 imposes the uniform civil penalties on various violations of the law; failure to submit the application may result in a \$50 penalty.

Interest: Interest is assessed at the tax interest rate imposed in KRS 131.183.

Report forms used:

- 73A060, Health Care Provider Tax Return.
- 73A061, Application for Certificate of Registration.

**HIGHWAY USE TAXES
MOTOR FUELS TAX, SURTAX
AND WEIGHT DISTANCE TAX
ON MOTOR CARRIERS**

(KRS 138.655 et seq.)

Rates: (1) 9 percent of the average wholesale price of motor fuel, plus the supplemental highway user motor fuel tax, but not to be less than 15 cents per gallon on gasoline and 12 cents per gallon on special fuels, on motor fuels used in operations on public highways of Kentucky. This is a tax on all fuel used in Kentucky regardless of where purchased.

(2) In addition to the tax set forth in (1) above, a motor carrier shall pay a surtax of 2 percent of the average wholesale price on gasoline and 4.7 percent on special fuels, but not less than 2.2 cents per gallon on gasoline and 5.2 cents per gallon on special fuels, on the amount of fuel used in operations on the public highways of the Commonwealth.

(3) In addition to any other taxes, a weight distance tax of 2.85 cents per mile traveled in Kentucky is imposed on motor carriers for the operation on Kentucky's highways of motor vehicles with a combined licensed weight in excess of 59,999 pounds.

Date payment due: Quarterly with report.

Paid by: Motor carrier. (Motor carrier means every person who operates or causes to be operated on any highway in this Commonwealth, excluding bus operators registered pursuant to KRS Chapter 281, engaged in hauling passengers for hire operating under a certificate of convenience and necessity, and any commercial truck or commercial tractor-trailer combination having a total of two or more axles or a declared gross weight above 26,000 pounds. The number of axles referred to herein shall include not only those axles on the power unit but if a tractor-trailer combination is involved, also those axles on the trailer or semi-trailer.) Motor carriers must apply for and receive a license to use

the public highways in Kentucky, and may be required to file a bond of not less than \$1,000, nor more than \$50,000.

Exceptions: The term motor carrier shall not mean and shall not include any person operating or causing to be operated a city bus except city buses operated across the border of the Commonwealth of Kentucky. All vehicles properly registered as a farm vehicle are exempt from the payment of the weight distance tax, weight distance surtax and the 2 cents per gallon use tax (item (3) in "Rates").

Administered by: Transportation Cabinet.

Credit: Allowed on the taxes set forth in (1) and (2) of "Rates" on fuel purchased in Kentucky but not used on Kentucky's highways.

Penalties: For failure to file return or pay tax when due as required, KRS 138.715 imposes a penalty of 20 percent of the tax. If collected by court proceedings, additional 20 percent penalty is imposed. In addition, any licensee who fails to make any report required by law may be liable for a penalty payment of \$50 for the first offense, \$250 for the second offense, and \$500 for any subsequent offense within any 4 year period. If any motor carrier submits reasons for failure to comply, the Cabinet may modify the penalty to 5 percent of the tax due or to 1 percent of tax due if the violation is the first one in the preceding 12 months. Criminal penalties under KRS 138.990(14) include, any person violating any provisions of KRS 138.655 to 138.725 is guilty of a Class A misdemeanor. In addition, the motor vehicles operated by a person who fails to pay the tax are subject to seizure by the Transportation Cabinet.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate. For International Fuel Tax Agreement (IFTA) the interest is 1 percent per month and 12 percent annually.

Trip permit: A 10-day trip permit may be obtained for \$40 for operating, during a 10-consecutive-day period, any motor vehicle of any "heavy equipment motor carrier" not licensed under KRS

138.665. Trip permits may be obtained by contacting the Division of Motor Carriers, P.O. Box 2007, Frankfort, Kentucky, 40602, or phone (502) 564-4127 (toll call).

Refunds: A cash refund may be obtained by a carrier who purchases excess motor fuels in this Commonwealth.

Report forms used:

TC 95-1,	Kentucky Trucking Application.
TC 95-101,	Kentucky Highway Quarterly Tax Return.
TC95-101A,	Kentucky Intrastate (KIT) Quarterly Tax Return.
TC 95-201,	Kentucky Highway Use Bond.
IFTA-100,	IFTA Quarterly Fuel Tax Return.
IFTA-101,	IFTA Quarterly Fuel Tax Schedule.

HISTORIC MOTOR VEHICLES

(KRS 132.020, 132.200)

Rate: 25 cents per \$100 of fair cash value, no local rates. Valuation determined from a standard manual prescribed by the Revenue Cabinet.

Tax period: One year.

Date payment due: Tax is due the earlier of December 31 or the last day of the second month in which a vehicle is transferred.

Paid by: Owner of vehicle as of assessment date—January 1.

Collected by: County clerk in December.

Administered by: Revenue Cabinet, Department of Property Valuation.

Exemptions: Vehicles owned by religious institutions, institutions of purely public charity and government agencies.

Penalty: Taxes become delinquent following the earlier of midnight December 31 or the last day of the second month after a vehicle is transferred. The following additional charges will be applied to all delinquent accounts: \$1 lien filing fee; 3 percent penalty first 30 days; 10 percent penalty after 30 days; 15 percent per annum interest (computed daily).

INDIVIDUAL INCOME TAX

(KRS 141.010 et seq.)

General: Resident individuals must pay tax on their entire income; nonresidents must pay tax on that portion of income derived from Kentucky sources (except that nonresidents whose income is derived from salaries and wages are exempt provided they are residents of a state which has a reciprocal provision to exempt residents of Kentucky from its income tax). Fiduciaries must pay on that portion of an estate or trust not distributed or distributable to beneficiaries. Adjusted gross income filing requirements include the following:

Single, under 65	\$5,000
Husband and wife, under 65	\$5,000
Single, 65 or over or blind	\$5,000
Single, 65 or over and blind	\$5,000
Husband and wife both 65 or over	\$5,400

Any individual having self-employment gross income of \$5,000 is required to file a return. A nonresident having gross income from Kentucky and \$5,000 of total gross income is required to file a return.

Withholding: Kentucky Revised Statutes require employers to withhold income tax for both resident and nonresident employees (unless exempt). Employers must withhold the income tax from the wages of employees receiving “wages” as defined in Section 3401(a) of the Internal Revenue Code. An employer must withhold the tax according to the Employee’s Withholding Exemption Certificate (Form K-4) filed by each employee. Reports with the full amount of tax withheld must be submitted to the Revenue Cabinet. Employers withholding \$50,000 or more per year shall report and remit the tax withheld on a twice-monthly basis. The twice-monthly returns must be filed within 10 days from the close of the reporting period. The reporting period first through the 15th of the month will be due on or before the 25th. The 16th through the end of the month will be due the 10th of the following month. Employers withholding \$2,000 through \$49,999 per year shall report and remit the tax withheld on a monthly basis. The

monthly returns must be filed within 15 days from the close of the month in which the tax was withheld. Employers withholding \$400 through \$1,999 per year shall report and remit the tax withheld to the Revenue Cabinet on or before the last day of the month following the close of each quarter. An employer withholding less than \$400 per year shall report and remit the tax annually by January 31. Currently, employers remitting an average of \$25,000 or more monthly are required to remit payments via electronic funds transfer (EFT). However, under KRS 131.155 the Cabinet may require employers remitting an average of \$10,000 or more monthly to remit payments via EFT.

Exemptions: An employee receiving wages is entitled to the following \$20 tax credits for withholding tax purposes.

1. One personal tax credit.
2. One additional for spouse of married person if spouse does not claim the exemption.
3. One additional for each dependent.
4. Two additional if taxpayer has attained the age of 65.
5. Two additional for spouse if age 65 and if spouse does not claim the exemption.
6. Two additional if taxpayer is blind.
7. Two additional for spouse if blind and if spouse does not claim the exemption.
8. Others prescribed by regulation.

Declarations: Persons having income from which tax is not withheld which can reasonably be expected to exceed \$5,000 for the taxable year must file a declaration of estimated tax due. No declaration is required to be filed if the estimated liability is \$500 or less.

Declarations must be filed on either April 15, June 15, September 15 or January 15 of the following year, whichever date first succeeds the date on which the filing requirement is met.

Rate: The following rates are applied to net income.

First \$3,000 of net income	2%
Next \$1,000	3%
Next \$1,000	4%
Next \$3,000	5%
In excess of \$8,000	6%

After computation of the tax, the following tax credits are allowed.

\$20 for taxpayer.

\$20 for taxpayer's spouse if spouse is not claimed as a tax credit on any other return. (Spouse must claim self if separate return is filed.)

\$20 for each dependent.

\$40 additional if taxpayer has attained 65 years of age at close of taxable year.

\$40 additional if taxpayer's spouse has attained 65 years of age before close of taxable year and does not file a separate return.

\$40 additional if taxpayer is blind at close of taxable year.

\$40 additional if taxpayer's spouse is blind at close of taxable year and does not file a separate return.

\$20 additional if taxpayer is a member of the Kentucky National Guard at the end of the taxable year.

\$20 for an estate.

\$ 2 for a fiduciary other than estate.

A "low income" tax credit is permitted for resident individuals whose combined adjusted gross income is within specified limits. The credit is computed as follows:

Adjusted Gross Income	Percent of Tax Liability Allowed as Tax Credit
Not over \$5,000	100
\$ 5,001–\$10,000	50
\$10,001–\$15,000	25
\$15,001–\$20,000	15
\$20,001–\$25,000	5
\$25,001 and over	0

Also, a household and dependent care credit is allowed equal to 20 percent of the allowable federal child and dependent care tax credit.

Pension exclusion: Distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans and employee savings plans receive full or partial exclusion from income. Payments from federal and Kentucky public employee pension plans are fully excluded, if attributable to service performed before January 1, 1998. Pension income from all other sources is excludable for 1998 and after at 100 percent with upper limitations (to be adjusted annually for inflation). The upper limitations are as follows:

2000—\$36,414

2001—\$37,500

2002—\$38,775

2003—\$39,400

Administered by: Revenue Cabinet.

Date annual return due: Returns are due April 15 each year for the preceding year's income, or the 15th day of the fourth month after the close of the fiscal year.

Date payment due: The full amount of the unpaid tax is due when the final return is filed. (The estimated tax due on declared income may be paid in installments according to the date filed; see "Withholding and declarations." The payment by employers of income tax withheld is due twice monthly, monthly, quarterly or annually; see "Withholding and declarations.")

Deductions: See income tax laws or instructions accompanying income tax returns. (State income and sales taxes are not deductible.)

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also,

any person failing to make a return, making a false return or failing to pay taxes due or collected with intent to evade shall be guilty of a Class D felony (KRS 141.990(5)). Any person who willfully aids or assists in, or procures, counsels or advises the preparation or presentation of a return, affidavit, claim or other document, which is fraudulent or false as to any material matter shall be guilty of a Class D felony (KRS 141.990(6)).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Application used:

10A100, Kentucky Tax Registration Application for
Withholding, Corporation, Coal, Sales and Use
Taxes.

Report forms used:

42A740, Individual Income Tax Return.
42A740-ES, Kentucky Estimated Tax Voucher.
42A740-NP, Nonresident and Part-Year Resident Kentucky
Income Tax Return.
42A740-EZ, Individual Income Tax Return.
42A740-X, Amended Individual Income Tax Return.
42A741, Fiduciary Income Tax Return.
42A765, Partnership Income Return.
42A801, Employer’s Return of Income Tax Withheld.
42A802, Wage and Tax Statement.
42A803, Employer’s Return of Income Tax Withheld
and Annual Reconciliation.
42A804, Employee’s Withholding Exemption
Certificate.
42A804-A, Withholding Exemptions for Excess Itemized
Deductions.

42A806,	Transmitter Report for Filing Kentucky Wage Statements.
42A807,	Fort Campbell Exemption Certificate.
42A809,	Certificate of Nonresidence.

INHERITANCE AND ESTATE TAXES

(KRS 140.010)

The Kentucky Inheritance Tax is a tax on a beneficiary's right to receive property from a deceased person. The tax is self-assessing and must be determined by the personal representative, or if none, the beneficiaries or heirs-at-law.

Inheritance Tax Rates and Exemptions

The inheritance tax rate and exemptions are based on the relationship of the beneficiary to the decedent. The three Classes of beneficiaries are:

Class A Spouse, Parent, Child, Grandchild, Brother, Sister

If the date of the decedent's death is after June 30, 1998, all Class A beneficiaries are exempt from paying Kentucky Inheritance Tax.

Class B Nephew, Niece, Daughter-in-law, Son-in-law, Aunt, Uncle, Great Grandchild

Each Class B beneficiary receives a \$1000 exemption and the tax rate is 4 percent to 16 percent. (see tax chart)

Class C All beneficiaries not included in Class A or Class B

Each Class C beneficiary receives a \$500 exemption and the tax rate is 6 percent to 16 percent. (see tax chart)

All transfers to educational, religious or other institutions, societies, or associations, whose sole object and purpose, are to carry on charitable, educational, or religious work, and all transfers to cities, and towns or public institutions in **this** state for public purposes are exempt.

Estate Tax

(KRS 140.130)

If a Federal Estate and Gift Tax Return is required to be filed and Kentucky's portion of the credit for state death taxes exceeds the Kentucky inheritance tax, the difference between the credit for state death taxes and the inheritance tax must be paid to the Commonwealth as an estate tax.

Date payment due: If the inheritance tax is paid within nine months from death, a 5 percent discount is allowed. No discount is allowed for early payment of estate tax.

Date report due: The report is delinquent 18 months after death.

Valuation: Fair Cash Value on the date of death except real estate passing to a qualified heir may be reported at its agricultural or horticultural value.

Interest: From the expiration of the 18-month period until the date the tax is paid. Interest is assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Paid by: Personal representative and/or beneficiary and heir-at-law.

Administered by: Revenue Cabinet.

Report forms used:

92A200,	Kentucky Inheritance and Estate Tax Return.
92A201,	Kentucky Inheritance Tax Return No Tax Due.
92A202,	Kentucky Estate Tax Return.
92A928,	Election to Defer the Payment of Inheritance Tax Through Installments.
92A936,	Election to Qualify Terminable Interest Property and/or Power of Appointment Property.

INHERITANCE TAX TABLE **FOR ESTATES OF DECEDENTS WHO WERE RESIDENTS OF KENTUCKY**

(APPLICABLE FOR DATES OF DEATH ON OR AFTER JULY 1, 1998)

CLASS A—The following list of beneficiaries are exempt from paying inheritance tax.

- (1) Surviving spouse, parent
- (2) Child (adult or infant)
child by blood, stepchild, child adopted during infancy, or a child adopted during adulthood who was reared by decedent during infancy
- (3) Grandchild issue of child by blood, stepchild, child adopted during infancy, or of a child adopted during adulthood who was reared by decedent during infancy
- (4) Brother, sister (whole or half)

CLASSIFICATION OF BENEFICIARY	\$500 or less	\$500– \$1,000	\$1,000– \$10,000	\$10,000– \$20,000	\$20,000– \$30,000	\$30,000– \$45,000
CLASS B Nephew, niece, half-nephew or half-niece, daughter-in-law, son-in-law, aunt, uncle, or great-grandchild who is grandchild of child by blood, stepchild or child adopted during infancy .	0	0	4% of Amt. over \$1,000	\$360 + 5% of Amt. over \$10,000	\$860 + 6% of Amt. over \$20,000	\$1,460 + 8% of Amt. over \$30,000
	Exemption \$1,000					
CLASS C All persons not included in Classes A or B and educational, religious, or other institutions, societies or associations, or public institutions not exempted by KRS 140.060	0	6% of Amt. over \$500	\$30 + 6% of Amt. over \$1,000	\$570 + 8% of Amt. over \$10,000	\$1,370 + 10% of Amt. over \$20,000	\$2,370 + 12% of Amt. over \$30,000
	Exemption \$500					

INHERITANCE TAX TABLE CONTINUED

CLASSIFICATION OF BENEFICIARY	\$45,000– \$60,000	\$60,000– \$100,000	\$100,000– \$200,000	\$200,000– and over
CLASS B Nephew, niece, half-nephew or half-niece, daughter-in-law, son-in-law, aunt, uncle, or great-grandchild who is grandchild of child by blood, stepchild or child adopted during infancy .	\$2,660 + 10% of Amt. over \$45,000	\$4,160 + 12% of Amt. over \$60,000	\$8,960 + 14% of Amt. over \$100,000	\$22,960 + 16% of Amt. over \$200,000
CLASS C All persons not included in Classes A or B and educational, religious, or other institutions, societies or associations, or public institutions not exempted by KRS 140.060	\$4,170 + 14% of Amt. over \$45,000	\$6,270 + 16% of Amt. over \$60,000	\$12,670 + 16% of Amt. over \$100,000	\$28,670 + 16% of Amt. over \$200,000

INSTRUCTIONS FOR USING INHERITANCE TAX TABLE ABOVE

- A. Compute each beneficiary's tax separately.
- B. **Do not deduct the beneficiary's exemption from the distributive share. The tax shown in the table for each distributive share bracket automatically applies the allowable exemption.**
- C. Determine the proper classification of the beneficiary at the left of the table.
- D. Follow the tax table across to distributive share bracket at the top of the table that includes the distributive share of that beneficiary.
- E. The tax applicable to that beneficiary's distributive share is the amount shown *plus* the designated percentage of the amount by which the distributive share exceeds the base of the distributive share bracket.

An estate tax is levied when the credit for state death taxes allowable on the federal estate tax return exceeds the Kentucky inheritance tax.

INSURANCE PREMIUM SURCHARGE

(KRS 136.392)

Rate: 1.5 percent of premiums, assessments or other charges made for insurance coverage provided to policyholders on risk located in Kentucky. Variable rate thereafter calculated on a biennial basis by the Revenue Cabinet and announced by the Department of Insurance to affected insurers.

Collected by: Premium surcharge shall be collected by the insurer from policyholders at the same time and in the same manner that premium or other charge for insurance coverage is collected.

Paid by: Every domestic, foreign or alien insurer, other than life, health and workers' compensation insurers.

Commission: No insurer or its agent shall be entitled to any portion of any premium surcharge as a fee or commission for its collection.

Administered by: Revenue Cabinet.

Date report due: 20th day of each month for premium surcharge monies collected during preceding month or 20th day of January for qualified annual filers.

Date payment due: With report.

Exemptions: Title insurance, reinsurance, workers' compensation insurance and life and health insurers are exempt from the 1.5 percent insurance premium surcharge. (1) Return premiums which were previously reported, and the applicable surcharge reported and paid, (2) premiums collected from nonprofit educational institution(s), (3) premiums from purely public charities as defined by IRC Section 501(C)(3), (4) premiums from federal government, (5) premiums from state and local government, and (6) premiums from religious organizations for tangible property.

Civil penalties: KRS 131.180 imposes uniform civil penalties. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

- 74A117, Insurance Premium Surcharge Report Domestic Mutual Cooperative and Assessment Fire Insurer.
- 74A118, Monthly Insurance Surcharge Report.

Note: Any company that transfers its corporate domicile to Kentucky after July 15, 1994, must file the Insurance Surcharge Report (Revenue Form 74A118).

INSURANCE PREMIUMS TAX

(KRS 136.330 to 136.390 and 304.3-270)

Rate:

Life insurance companies—

For calendar year 2000, one dollar and ninety cents (\$1.90) upon each one hundred dollars (\$100) of premium receipts.

For calendar year 2001, one dollar and eighty cents (\$1.80) upon each one hundred dollars (\$100) of premium receipts.

For calendar year 2002, one dollar and seventy cents (\$1.70) upon each one hundred dollars (\$100) of premium receipts.

For calendar year 2003, one dollar and sixty cents (\$1.60) upon each one hundred dollars (\$100) of premium receipts.

For calendar year 2004 and each calendar year thereafter, one dollar and fifty cents (\$1.50) on each one hundred dollars (\$100) of premium receipts.

Stock insurance companies other than life—

\$2 for each \$100 of amounts paid to such companies including reinsurance assumed from unauthorized companies, less amounts returned on cancelled policies and policies not taken.

Mutual insurance companies other than life—

2 percent of all amounts paid to such companies or their representatives whether designated as premiums or otherwise, including reinsurance assumed from unauthorized companies, less returned premiums on cancelled policies and policies not taken and dividends paid or credited to policyholders.

In addition, every stock insurer other than life, every mutual insurance company and Lloyd's insurer shall pay 0.75 percent of all amounts paid for fire insurance and that portion allocable to insurance against the hazard of fire included in other coverage to such companies or their representatives.

Every insurer not authorized to conduct business in the Commonwealth of Kentucky by the Department of Insurance pursuant to KRS 304.11-050 must report gross premium receipts for life insurance and annuity premiums, accident and health premiums, other insurance premiums, membership fees, dues, dividends applied for premiums and other considerations received during the preceding calendar year.

Captive insurance—

Four-tenths of one percent (.04%) on the first 20 million dollars (\$20,000,000) and three-tenths of one percent (0.3%) on the next 20 million dollars (\$20,000,000) and two-tenths (0.2%) on the next 20 million dollars (\$20,000,000) and seventy-five thousandths of one percent (0.075%) on each dollar thereafter on the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurer during the year ending December 31 next preceding, after deducting from the direct premiums subject to the tax the amounts paid to policyholders as return premiums, which shall include dividends on unabsorbed premiums or premiums deposits returned or credited to policyholders. Every captive insurer holding a certificate of authority under Section 1 to 23 of this Act shall return to the Revenue Cabinet a statement under oath of all assumed reinsurance premium receipts during the preceding year and shall pay on or before March 1 of each year, a tax at the rate of two hundred twenty-five thousandths of one percent (0.225%) on the first 20 million dollars (\$20,000,000) of assumed reinsurance premium, and one hundred fifty thousandths of one percent (0.150%) on the next 20 million dollars (\$20,000,000) and fifty thousandths of one percent (0.050%) on the next 20 million dollars (\$20,000,000) and twenty-five thousandths of one percent (0.025%) of each dollar thereafter. However, no reinsurance tax applies to premiums for risks or portions of risks which are subject to taxation on a direct basis pursuant to subsection (1) of this section. No reinsurance premium tax shall be payable in connection with the receipt of assets in exchange for the assumption of loss reserves and other liabilities of another insurer under common ownership and control of the transaction is part of a plan to discontinue the operations of the other insurer, and if the intent

of the parties to the transaction is to renew or maintain the business with the captive insurer. If the tax computed is less than five thousand dollars (\$5000) in any year, the captive insurer shall pay a tax of five thousand dollars (\$5000) for such year.

Declaration: Any company whose tax was \$5,000 or more in the previous year shall file a declaration of estimated tax by June 1. The tax must be paid in three equal installments, on June 1, October 1 and on March 1 of the following year. If any taxpayer uses the amount of tax liability for the previous calendar year as the estimate for such declaration, no penalties or interest shall apply to any subsequent adjustments. Adjustments may be made before October 1 and must be made before March 1.

Exemptions: Premiums collected for Commonwealth of Kentucky employees' health insurance contract (KRS 136.330(4)). Premiums collected for annuities for employees of state institutions of higher education through a program sponsored by the institutions (KRS 164.2871).

Paid by: All stock companies other than life; all mutual companies other than life; all life insurance companies, all captive insurers excepting fraternal assessment life insurance companies doing business in Kentucky.

Administered by: Revenue Cabinet.

Date report due: March 1 of each year.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Further, any company or association that fails or refuses to return the statement or pay the taxes required by KRS 136.330 or 136.340

shall be fined \$1,000 for each offense. Any insurance company that fails or refuses for 30 days to return statements and pay the tax required by KRS 136.330 or 136.340 shall forfeit \$100 for each offense and the authority shall be revoked.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

- 74A100, Insurance Premiums Tax Return.
- 74A105, Unauthorized Insurance Tax Return.
- 74A110, Kentucky Estimated Insurance Premiums Tax.

Note: See Workers’ Compensation Assessments and Domestic Life Insurance Company Tax for additional information.

LEGAL PROCESS TAXES

(KRS 142.010 et seq., 209.160)

Rate:

Collected by county clerk:

Deeds	\$ 3.00
Mortgages, financial statements and security agreements	3.00
Security interest notations on certificates of title	3.00
Marriage licenses	3.50
Powers of attorney to make deeds	3.00
Lien or conveyance of coal, oil, gas or other mineral right or privilege	3.00
Spouse Abuse Shelter Fund Fee	10.00

Date payment due: With report on 10th of each month.

Paid by: County clerks who collect from persons receiving service.

Administered by: Revenue Cabinet.

Date report due: 10th of month for preceding month.

Exemptions: If the Commonwealth of Kentucky or the United States government is the party requesting the recording or filing of the legal instrument, the tax does not apply.

Compensation: 5 percent commission allowed on the amount of state tax collected by county clerk, excluding amounts collected for Spouse Abuse Shelter Fund Fee.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

73A200, County Clerk's Monthly Report of Legal Process Tax Receipts.

LOCAL FINANCIAL INSTITUTIONS FRANCHISE TAX

(KRS 136.575)

General: Counties, cities, and urban-county governments may impose a franchise tax on financial institutions measured by the deposits in the institutions located within the jurisdiction of the county, city, or urban-county government. The amount and location of deposits in the financial institutions shall be determined by the method used for filing the summary of deposits report with the Federal Deposit Insurance Corporation.

Rate: Cities and counties may impose a rate not to exceed twenty-five thousandths of one percent (0.025%) of the deposits and urban-county governments may impose a rate not to exceed fifty thousandths of one percent (0.050%) of the deposits.

Administered by: The Revenue Cabinet will review the report of deposits and certify to the local jurisdictions that have enacted the franchise tax the amount of deposits within the jurisdiction and the amount of tax due. The local taxing authority will issue bills to the financial institution.

Date annual return due: For years after 1996, the report is due on or before August 15 of each year on all deposits located within this Commonwealth as of the preceding June 30.

Tax period: One year.

Date payment due: By December 31 with 2 percent discount or by January 31 without 2 percent discount.

Paid by: Bank and trust companies.

Report form used:

62A863, Financial Institutions Local Deposits Summary Report.

MARIJUANA AND CONTROLLED SUBSTANCE TAX

(KRS 138.870 et seq.)

Rate:

\$1,000 per marijuana plant, whether growing or detached from the soil;

\$3.50 on each gram, or portion thereof, of marijuana detached from the plant;

\$200 on each gram, or portion thereof, of controlled substances;

\$2,000 on each 50 dosage units, or portion thereof, of a controlled substance not sold by weight.

Paid by: *Offenders*, or persons engaged in a *taxable activity*, i.e., producing, cultivating, manufacturing, importing, transporting, distributing, acquiring, purchasing, storing, selling, using or otherwise possessing more than five marijuana plants, 42.5 grams of marijuana detached from the plant, seven grams of any controlled substances or 50 or more dosage units of any controlled substance.

Collection method: Persons engaged in a taxable activity must purchase the appropriate tax stamp(s) from the Revenue Cabinet and immediately upon the occurrence of the taxable activity must affix the stamp(s) to the plant or controlled substance in a manner so as to prevent its removal without the destruction of the stamp.

Contraband: Commonwealth or county attorneys who obtain a conviction of, or a guilty or Alford plea from an offender, shall notify the Revenue Cabinet within 72 hours if the offender has not paid the tax. County clerks in the county where seizure occurred and where the dealer resides must also be notified.

Civil penalty: KRS 138.870 provides for a penalty of 100 percent of the tax due.

Criminal penalty: Failure to affix the appropriate tax stamp as required is a Class C felony. Jurisdiction and venue for prosecution is in Franklin Circuit Court.

Interest: Interest is assessed at the tax interest rate imposed by KRS 131.183.

General: The Revenue Cabinet may not require any stamp purchaser to identify himself. A tax stamp shall be valid for one year after the date of issuance.

Report forms used:

- 73A701, Instructions for Affixing Marijuana and Controlled Substance Tax Evidence (Stamp).
- 73A702, Notice of Tax Lien.
- 73A703, Marijuana and Controlled Substance Stamps Order Form.

MINERALS AND NATURAL GAS TAX

(KRS 143A.010 et seq.)

Rate: 4.5 percent of gross value of all minerals (other than coal and oil) including natural gas and natural gas liquids severed and/or processed in Kentucky. However, the tax on clay in any form is limited to 12 cents per ton, and the tax on limestone used in the manufacture of cement by an integrated miner and manufacturer of cement shall be limited to 14 cents per ton of limestone.

Registration: Before engaging in business, every "taxpayer" must file an application for a Certificate of Registration with the Cabinet.

Date report due: The last day of the month following each calendar month or other period authorized by the Cabinet.

Date payment due: With report.

Administered by: Revenue Cabinet.

Exemptions: The taxes imposed in KRS 143A.020 do not apply to fluorspar, lead, zinc, and barite severed for any purpose or to rock, limestone or gravel used for privately maintained but publicly dedicated roads, limestone sold or used for agricultural purposes if such sale or use qualifies for exemption from sales and use tax under KRS 139.480, and gross value attributable to the processing of ball clay.

Credits: A credit is allowed against the tax imposed by KRS 143A.020 on the gross value of limestone which is severed or processed within this Commonwealth and/or sold to a purchaser outside this Commonwealth. The credit extends only to those persons who sever and process limestone through the rip-rap, construction aggregate or agricultural limestone stages and who sell in interstate commerce not less than 60 percent of such stone. Also, a credit of 12 cents per ton is granted to taxpayers who sever or process clay sold to and used as a component of landfill construction by an approved waste disposal facility within the Commonwealth.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). For operating without a Certificate of Registration, the taxpayer is subject to a fine of not less than \$100 nor more than \$1,000 or imprisonment for up to six months, or both. Revocation of the Certificate of Registration and various other criminal penalties are provided for failure to comply with the law.

Collection fees: Several “cost of collection fees” are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Bonds: Cash or corporate surety bonds may be required under certain circumstances.

Report forms used:

- 56A001, Application for Certificate of Registration—
Minerals and Natural Gas Tax.

Minerals Tax

- 56A101, Minerals Tax Return.
- 56A106, Minerals Tax Certificate of Exemption.
- 56A107, Schedule A—Gross Value of Minerals Severed in
Kentucky—Allocation.
Schedule B—Minerals Purchased From Others For
Processing by Taxpayer.

- 56A110, Schedule C—Computation of Tax on Clay Severed and Processed in Kentucky and Allocation of Tax Attributable to Clay.

Natural Gas and Natural Gas Liquids Tax

- 56A100(A), Natural Gas and Natural Gas Liquids Tax Return.
- 56A108, Schedule A—Gross Value of Natural Gas Sold to Non-Consumers.
 Schedule B—Taxable Gross Value of Natural Gas and Natural Gas Liquids Extracted in Kentucky by Taxpayer—Allocation.
- 56A109, Schedule C—Natural Gas First Purchased by Taxpayer From Kentucky Producers.

**MISCELLANEOUS LICENSES,
PERMITS AND CERTIFICATIONS
OCCUPATIONAL, PROFESSIONAL AND OTHERS**

(Administered by Agencies other than Revenue Cabinet)

In order to avoid repetition of the full name and address of agencies administering two or more of the following licenses, the administering agency is indicated by an abbreviation. A key to the abbreviation follows the list of licenses.

Abortion facilities (CHS)
Accountants, certified public (Acc)
Accountants, public (Acc)
Adoption, independent (home studies) (CFC)
Adult day care (CHS)
Agricultural product (Agr)
Agricultural water quality (NREP)
Air ambulance (KBEMS)
Air contaminant and air pollution control equipment,
construction and operation (NREP)
Alcohol and other drug abuse treatment programs (CHS)
Alternative birth centers (CHS)
Alzheimer's facilities (CHS)
Ambulance service class I (KBEMS)
Ambulance service class II (KBEMS)
Ambulance service class III (KBEMS)
Ambulances (KBEMS)
Ambulatory care clinics (CHS)
Ambulatory surgical centers (CHS)
Amusement rides and attractions inspection (Agr)
Appaloosa racing (KRC)
Appraisers (APP)
Architects (Arch)
Architectural plans review (HBC)
Asbestos removal (NREP)
Asphalt processing operations (NREP)
Assistant mine foreman (Min)
Assisted living facilities (CHS)
Athletic trainers (ML)
Attorneys (BA) (Br)

Auctioneers (Auc)
Audiologists (SLPA)
Banks (Fin)
Barber instructors (Bbr)
Barber schools (Bbr)
Barber shops (Bbr)
Barbers, regular and apprentices (Bbr)
Beauty and nail salons and independent contractor salon license (HC)
Biologicals, production or shipment into Kentucky (Agr)
Birth certificates (CHS)
Blasters (explosives) (Min)
Blood establishments (CHS)
Boarding homes (CHS)
Boat TBT paint sprayers (Agr)
Body piercing (CHS)
Boiler contractor license (HBC)
Boiler inspector certification (HBC)
Boxing matches (KAC)
Building inspector certification (HBC)
Burial associations (Ins)
Business schools, private (PE)
Carbonated beverage plants (CHS)
Cattle brand registration (Agr)
Cemeteries and sellers of preneed cemetery merchandise (AG)
Charitable gaming facility (PPR)
Charitable gaming manufacturers and distributors (PPR)
Charitable gaming organizations (PPR)
Check cashing services (Fin)
Chemical dependency treatment programs (CHS)
Chick dealers and hatcheries (Agr)
Child care facilities and placement agencies (CHS)(CFC)
Child daycare facilities and homes (CHS) (CFC)
Chiropractors (Chrpr)
Coal exploration (NREP)
Coal mines (Min) (NREP)
Coal processing facilities (NREP)
Coating or plating operations (NREP)
Community MH/MR centers (CHS)

Comprehensive physical rehabilitation hospital services (CHS)
Construction in a flood plain (NREP)
Consumer loan companies (Fin)
Controlled substances, wholesalers, manufacturers,
distributors and repackers (CHS)
Cosmetology schools and instructors (HC)
Cosmetology specialists, operators, apprentices
and nail technicians (HC)
Credit unions (Fin)
Crematory authorities (AG)
Crematory retort operators (AG)
Critical access hospitals (CHS)

Dam construction (NREP)
Daycare centers (CHS)
Day health care programs (CHS)
Death certificates (CHS)
Deferred deposit transactions (Fin)
Dentists (Den)
Dental hygienists (Den)
Dental specialists (Den)
Detection of deception examiners (Jus)
Dietitians and nutritionists (D & N)
Disposal of dead animals (Agr) (NREP)
Divorce certificates (CHS)
Dog kennels (Agr)¹
Dog licenses (Agr)
Drinking water supply, public or semi-public (NREP)
Drug manufacturers (Phar)
Drug wholesalers (in-state and out-of-state) (Phar)

Egg handlers (Agr)
Electric utilities (non-municipal) (PSC)
Electrical contractor certification (HBC)
Electrical inspector certification (HBC)
Elevator inspector certification (HBC)
Embalmers (Emb)

¹Optional in lieu of license for each dog.

Employer-organized association self-insurer (Ins)
EMT certification (Emergency Medical Services) (KBEMS)
Engineering firms (Eng)
Engineers (Eng)
Euthanasia specialist (Vet)
Exempt commercial policyholder (Ins)

Family care homes (CHS)
Farm name registration (Agr)
Feed (animal) manufacturers (Exp)
Fertilizer manufacturers (Exp)
Fire alarm and sprinkler inspector certification (HBC)
Fire protection sprinkler contractor (chemical and rangehoods)
licenses/certification of competency holders for contractor
(HBC)
Fireworks business (retail sales registration) permit (HBC)
Fishing licenses (see hunting and fishing licenses)
Food, bed and breakfast establishments (CHS)
Food manufacturing plant (CHS)
Food markets, retail (CHS)
Food salvage firms (CHS)
Food service establishments (CHS)
Food service (school cafeterias, daycare centers) (CHS)
Forestry (NREP)
Fraternal benefit society (Ins)
Frozen food lockers (CHS)
Funeral directors (Emb)
Fur buyers (FWL)
Fur processors (FWL)

Garbage feeding of swine (Agr)
Gas and oil wells (Min)
Gas pumps serviceman/agency fee (Agr)
Gas utilities (non-municipal) (PSC)
Ginseng dealers (Agr)
Government entity insured (Ins)
Grain dealers and storage (Agr)
Groundwater discharges (NREP)

Group homes for MR/DD (CHS)

Harness racing (KRC)

Hay grading program (Agr)

Hazardous waste disposal, treatment and storage facilities (NREP)

Hazardous waste generator (NREP)

Hazardous waste recycler (NREP)

Hazardous waste transporter (NREP)

Health facilities and services, certificates of need (CHS)

Health maintenance organization (Ins)

Hearing instrument specialists (HIS)

Heating, ventilation and air conditioning

contractors (master, journeyman, apprentices) (HBC)

Home health agencies (CHS)

Hospices (CHS)

Hospitals (accredited/nonaccredited) (CHS)

Hotels (CHS)

Hunting and fishing licenses (FWL)

Bait dealers

Bird dog training device

Commercial fishing

Commercial foxhound

Commercial propagation permit

Commercial waterfowl shooting permit

Deer permit

Falconry permit

Field trial

Fishing license

Game food permit

Guide license

Hunting license

Mussel license

Pay lake license

Pet permit

Scientific permit

Special commercial net fishing permit

Trapping license

Trout permit

Turkey license

Waterfowl permit
Wildlife transportation permit

Independent review entities (Ins)
Industrial loans (Fin)
Instructor—Electrical (Min)
Instructor—Mine emergency technicians (Min)
Instructor—Underground (Min)
Insurance adjusters, independent and public (Ins)
Insurance administrator (Ins)
Insurance advisory organizations (Ins)
Insurance agents (Ins)
Insurance companies (Ins)
Insurance companies, assessment or cooperative (Ins)
Insurance consultant (Ins)
Insurance form provider (Ins)
Insurance industrial insured (Ins)
Insurance pool (Ins)
Insurance premium finance company (Ins)
Insurance purchasing outlet (Ins)
Insurance residual market mechanism (Ins)
Insurance self-insured automobile coverage (Ins)
Insurance self-insured private employer group health plans (Ins)
Insurance service contracts for consumer products (Ins)
Insurance statistical agent (Ins)
Insurance surplus line brokers (Ins)
Intermediate care facilities (CHS)
Intermediate care facilities for MR/DD (CHS)
Investment advisors (Fin)
Investment companies (Fin)
Issuers of securities (Fin)

Laboratories (CHS)
Land surveyor firms (Eng)
Land surveyors (Eng)
Landfill operator certification (NREP)
Landscape architects (LA)
Law enforcement officers, special (Jus)

Lead abatement contractor certification (CHS)
 Liability self-insurance group (Ins)
 Licensed child care homes (CHS)
 Limestone quarry registration (Agr)
 Limited health service organization (Ins)
 Liquefied petroleum business licenses (HBC)
 Livestock dealers (Agr)
 Lloyd's plan insurer (Ins)
 Loan companies, consumer (Fin)
 Local peace officers, special (Jus)

 Managing general agent (Ins)
 Manufactured home and recreational vehicle parks (CHS)
 Manufactured home broker license (HBC)
 Manufactured home dealer license (HBC)
 Manufactured home installer (HBC)
 Manufactured home manufacturer certificate of
 acceptability (HBC)
 Marina permits (regulate drinking water on marinas, lines; actual
 construction on federal waters regulated by the U.S. Army Corps
 of Engineers) (NREP)
 Marriage and family therapists (CHS)
 Marriage certificates (CHS)
 Medicaid waiver certification for home care and personal care
 attendant programs (CHS)
 Medical first response service (KBEMS)
 Medical laboratories (CHS)
 Medicinal oxygen dispensers (Phar)
 Medicine, practice of (ML)
 Milk handlers (Exp)
 Milk distributors (CHS)
 Milk (Grade A) plants/transfer stations (CHS)
 Milk (Grade A) producers (CHS)
 Milk haulers (CHS)
 Milk (manufactured products) plants/transfer stations (CHS)
 Milk (manufactured products) producers (CHS)
 Milk laboratories (Exp)
 Milk plants (Exp)
 Milk samplers (CHS)

Milk testers (Exp)
 Milk transfer stations (Exp)
 Milk weighers and samplers (bulk) (Exp)
 Mine emergency technicians—Surface (Min)
 Mine emergency technicians—Underground (Min)
 Mine foremen (Min)
 Mine inspectors (Min)
 Mine safety analyst (Min)
 Mineral processing (NREP)
 Mining operations, noncoal (NREP)
 Mobile health services (CHS)
 Money order and check vendors (other than banks) (Fin)
 Mortgage loan brokers-dealers (Fin)
 Motor fuel quality inspections (Agr)
 Motor vehicle dealers (MVC)
 Multiple employer welfare arrangements (Ins)

 Networks (CHS)
 Nonprofit hospital, medical-surgical, dental and health service corporation (Ins)
 Nursery stock (Ent)
 Nurses, registered, practical and advanced registered nurse practitioners, and sexual assault nurse examiner (Nur)
 Nursing facilities (CHS)
 Nursing home administrators (NHA)
 Nursing homes (CHS)
 Nursing pools (CHS)

 Occupational schools, private (PE)
 Occupational therapists (OT)
 Occupational therapy assistants (OT)
 Oil shale operations (NREP)
 On-site sewage permits (CHS)
 Ophthalmic dispensers (Oph)
 Optometrists (Opt)
 Organic crop production (Agr)
 Osteopaths (ML)

 Paint sprayers (Agr)
 Paramedics (KBEMS)

Personal care homes (CHS)
Pesticide application equipment (Agr)
Pesticide applicators (Agr)
Pesticide certification (Agr)
Pesticide dealers (Agr)
Pesticide operators (Agr)
Pesticide product registration (Agr)
Pet food (Exp)
Petroleum storage (underground storage tanks) (NREP)
Pharmacies (in-state and out-of-state) (Phar)
Pharmacists (Phar)
Pharmacy interns (Phar)
Physical therapists (PT)
Physical therapists' assistants (PT)
Physician assistants (ML)
Physicians (ML)
Plumber (master and journeyman) licenses (HBC)
Podiatrists (POD)
Pre-need burial contract sellers (AG)
Prescribed pediatric extended care (CHS)
Primary care centers (CHS)
Private duty nursing (CHS)
Private review agents (Ins)
Product liability insurance purchasing groups (Ins)
Product liability risk retention groups (Ins)
Professional geologists (PG)
Proprietary schools (PE)
Provider-sponsored integrated health delivery network (Ins)
Psychiatric hospitals (accredited/nonaccredited) (CHS)
Psychiatric residential treatment facilities (CHS)
Psychological associates (Psych)
Psychologists (Psych)

Quarterhorse racing (KRC)

Radiation operators (CHS)
Radioactive materials (CHS)
Real estate brokers and sales associates (RE)
Reciprocal insurers (Ins)
Recreational vehicle dealer license (HBC)

Recreational vehicle manufacturer certificate of acceptability (HBC)
Recyclers (Trans) (NREP)
Rehabilitation agencies (CHS)
Reinsurance intermediary (Ins)
Renal dialysis facilities (CHS)
Rendering plants (Agr)
Rental vehicle agent (Ins)
Rental vehicle managing employee (Ins)
Residential hospices (CHS)
Rural health clinics (CHS)

Sale of checks (Fin)
Sand and gravel processing (NREP)
Sanitarian registration (CHS)
Security brokers/dealers (Fin)
Security salespersons (Fin)
Seed sellers/conditioners (Exp)
Septic tank cleaning businesses (CHS)
Serological laboratories (CHS)
Sewer utilities (non-municipal) (PSC)
Shellfish repackers (CHS)
Shooting preserves (FWL)
Skilled nursing facilities (CHS)
Social workers (SW)
Solid waste incinerators (NREP)
Solid waste landfarming (NREP)
Solid waste landfills (NREP)
Special health clinics (CHS)
Special medical technology services (CHS)
Special waste disposal (NREP)
Specialty credit insurance producer (Ins)
Specialty credit managing employee (Ins)
Speech pathologists (SLPA)
Stockyards (Agr)
Storm water (NREP)
Strip mining (NREP)
Surface mine foremen (Min)
Surface miner (Min)
Swimming pools, public (CHS)

Tattoo parlors (CHS)
Taxidermists (FWL)
Telecommunication utilities (PSC)
Title pledge lenders (Fin)
Tobacco warehouses (Agr)
Trade and technical schools, private (PE)
Transporters of municipal solid waste (Trans)
Trust companies (Fin)

Underground miner (Min)
Underground mining (Min)
Underground petroleum storage tank installer (HBC)
Unemployment insurance employer account (CWD)
Used oil recyclers and transporters (NREP)

Vending machine companies (CHS)
Veterinarians (Vet)
Veterinary assistant (Vet)
Veterinary technician (Vet)
Viatical settlement broker (Ins)
Viatical settlement provider (Ins)

Waste tires (NREP)
Wastewater treatment facility, construction and operation (NREP)
Wastewater treatment plant operator certification (NREP)
Water plant operator certification (NREP)
Water quality—KPDES (NREP)
Water supply, public or semi-public (NREP)
Water treatment plant and distribution system
construction (NREP)
Water utilities (non-municipal) (PSC)
Water well drillers (NREP)
Water withdrawal (NREP)
Weighing and measuring devices, commercial (Agr)
Wetlands discharges and construction (NREP)
Wild river construction permits (NREP)
Wrestling matches (KAC)

Youth camps (CHS)
X-ray systems (CHS)

ADMINISTERING AGENCIES

Key to Abbreviations

Acc	Kentucky Board of Accountancy 332 West Broadway, Suite 310 Louisville, Kentucky 40202
AG	Office of the Attorney General Consumer Protection Division Cemetery and Funeral Home Section 1024 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601
Agr	Department of Agriculture Capital Plaza Tower, 7th Floor 500 Mero Street Frankfort, Kentucky 40601
APP	Real Estate Appraisers Board 2480 Fortune Drive, Suite 120 Lexington, Kentucky 40509
Arch	Kentucky Board of Architects 301 East Main Street, Suite 860 Lexington, Kentucky 40507
Auc	Kentucky Board of Auctioneers 9112 Leesgate Road, Suite 5 Louisville, Kentucky 40222
BA	Kentucky Bar Association 514 West Main Street Frankfort, Kentucky 40601-1883
Bbr	Kentucky Board of Barbering 9114 Leesgate Road, Suite 6 Louisville, Kentucky 40222-5055

Br	Kentucky Board of Bar Examiners 1510 Newtown Pike, Suite X Lexington, Kentucky 40511
CFC	Cabinet for Families and Children 275 East Main Street, 4th Floor Frankfort, Kentucky 40621
Chrpr	Kentucky Board of Chiropractic Examiners P.O. Box 183 Glasgow, Kentucky 42142-0183
CHS	Cabinet for Health Services 275 East Main Street Frankfort, Kentucky 40621-0001
CWD	Cabinet for Workforce Development 500 Mero Street Frankfort, Kentucky 40601
Den	Kentucky Board of Dentistry 10101 Linn Station Road, Suite 540 Louisville, Kentucky 40223
D & N	Kentucky Board of Licensure and Certification for Dietitians and Nutritionists P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
Emb	Kentucky Board of Embalmers and Funeral Directors P.O. Box 324 Crestwood, Kentucky 40014
Eng	Kentucky Board of Licensure for Professional Engineers and Land Surveyors 160 Democrat Drive Frankfort, Kentucky 40601

Ent	State Entomologist Kentucky Agricultural Experiment Station S-225 Agricultural Science Center North University of Kentucky Lexington, Kentucky 40546-0091
Exp	Kentucky Agricultural Experiment Station Division of Regulatory Services 103 Regulatory Services Building University of Kentucky Lexington, Kentucky 40546-0275
Fin	Department of Financial Institutions 1025 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601
FWL	Department of Fish and Wildlife Resources #1 Game Farm Road Frankfort, Kentucky 40601-0064
HBC	Department of Housing, Buildings, and Construction 101 Sea Hero Road, Suite 100 Silver Lake Complex Frankfort, Kentucky 40601-5405
HC	Kentucky Board of Hairdressers and Cosmetologists 111 St. James Court Frankfort, Kentucky 40601
HIS	Kentucky Licensing Board for Specialists in Hearing Instruments P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360

Ins	Department of Insurance 215 West Main Street P.O. Box 517 Frankfort, Kentucky 40602-0517
Jus	Justice Cabinet Bush Building, Second Floor 403 Wapping Street Frankfort, Kentucky 40601
KAC	Kentucky Athletic Commission P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
KBEMS	Kentucky Board of Emergency Medical Services 275 East Main Street First Floor, East Frankfort, Kentucky 40621
KRC	Kentucky Racing Commission 4063 Iron Works Parkway, Building B Lexington, Kentucky 40511
LA	Kentucky Board of Examiners and Registration of Landscape Architects 301 East Main Street, Suite 905 Lexington, Kentucky 40507
Min	Department of Mines and Minerals P.O. Box 2244 Frankfort, Kentucky 40602
ML	Kentucky Board of Medical Licensure 310 Whittington Parkway, Suite 1B Louisville, Kentucky 40222
MVC	Motor Vehicle Commission 403 Wapping Street, Suite 101 Frankfort, Kentucky 40622

NHA	Kentucky Board of Licensure, Nursing Home Administrators P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
NREP	Natural Resources and Environmental Protection Cabinet 5th Floor, Capital Plaza Tower Frankfort, Kentucky 40601
Nur	Kentucky Board of Nursing 312 Whittington Parkway, Suite 300 Louisville, Kentucky 40222-5172
Oph	Kentucky Board of Ophthalmic Dispensers P. O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
Opt	Kentucky Board of Optometric Examiners 301 East Main Street, Suite 850 Lexington, Kentucky 40507
OT	Kentucky Board of Licensure for Occupational Therapy P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
PE	State Board for Proprietary Education P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
Phar	Kentucky Board of Pharmacy 23 Millcreek Park, Building 2 Frankfort, Kentucky 40601-9230
POD	Kentucky State Board of Podiatry 908B South 12th Street Murray, Kentucky 42071-2949

PPR	Public Protection and Regulation Cabinet 90 Airport Road, Suite 1 Frankfort, Kentucky 40601
PG	Kentucky Board of Registration for Professional Geologists P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
PSC	Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40601
Psych	Kentucky Board of Psychology P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
PT	Kentucky Board of Physical Therapy 9110 Leesgate Road, Suite 6 Louisville, Kentucky 40222-5159
RE	Kentucky Real Estate Commission 10200 Linn Station Road, Suite 201 Louisville, Kentucky 40223
SLPA	Kentucky Board of Speech–Language Pathology and Audiology P.O. Box 1360, 911 Leawood Drive Frankfort, Kentucky 40602-1360
SW	Kentucky Board of Social Work P.O. Box 1360 911 Leawood Drive Frankfort, Kentucky 40602-1360
Trans	Transportation Cabinet 501 High Street State Office Building Frankfort, Kentucky 40622

Vet Kentucky Board of Veterinary Examiners
P.O. Box 1360
911 Leawood Drive
Frankfort, Kentucky 40602-1360

MOTOR FUELS—GASOLINE TAX

(KRS 138.210 et seq.)

Rate: Variable. A minimum combined tax rate of 15 cents per gallon applies (10 cents per gallon variable excise tax plus a flat 5 cents per gallon supplemental tax). The variable excise tax is computed quarterly at 9 percent of the “weighted average wholesale tank wagon price” on gasoline “received” in Kentucky. The “weighted average wholesale tank wagon price” is determined the first month of each quarter. After the rate is established, it applies to all gasoline “received” during the next quarter.

In no case shall the “average wholesale price” be deemed to be less than \$1.11 per gallon, and in no case shall the “average wholesale price” at the close of any fiscal year be deemed to increase more than 10 percent over the “average wholesale price” at the close of the previous fiscal year.

Date payment due: With dealer’s report, unless the dealer makes an estimated tax payment on the 25th day of the month following the month to which it relates. Certified or cashier’s check is required. This requirement may be waived if the dealer is of sound financial condition and has established a good record of compliance with requirements of KRS 138.210 to 138.340.

Paid by: Licensed gasoline dealer.

Dealer means any person:

1. regularly engaged in the business of refining, producing, distilling, manufacturing, blending or compounding gasoline in this Commonwealth;
2. regularly importing gasoline, upon which no tax has been paid, into this Commonwealth for distribution in bulk to others;
3. distributing gasoline from bulk storage in this Commonwealth;

4. regularly engaged in the business of distributing gasoline from bulk storage facilities primarily to others in arm's length transactions;
5. receiving or accepting delivery in this Commonwealth of gasoline for resale within this Commonwealth in amounts of not less than an average of 100,000 gallons per month during any prior consecutive 12-month period and has a good financial rating;
6. regularly exporting gasoline to destinations outside the Commonwealth.

Each dealer must file an application for a dealer's license with the Cabinet, accompanied by a financial instrument, approved by the Cabinet, for an amount not to exceed three months' liability as computed by the Cabinet or \$5,000, whichever is greater. Approved licensed dealers electing for the exception must file a financial instrument, approved by the Cabinet, not to exceed two months' liability as computed by the Cabinet or \$5,000, whichever is greater. There is no charge for the license.

Administered by: Revenue Cabinet.

Date report due: On or before the 25th day of the next succeeding calendar month following the month to which it relates. If by that date the dealer files an estimated tax report and pays at least 95 percent of the tax liability due for the report month, the dealer's report and final payment are not due until the end of the month. The Report to Establish the Wholesale Price of Gasoline is due by the 20th of the second month of each quarter.

Exemptions: Gasoline sold to the U.S. government or any of its agencies, sold to other licensed dealers, exported or lost through accountable losses.

Compensation: 2.25 percent of the net tax due. No compensation is allowed if the tax report and payment are not timely submitted to the Cabinet.

Credits: (1) Sales of gasoline to agricultural refund permit holders who have certified the nonhighway usage of the fuel for agricultural purposes. *However, this does not deny a purchaser of gasoline that is certified for nonhighway agricultural usage, on which the tax has been paid, from applying for a refund instead of the purchaser taking a credit.*

Aircraft: A refund is allowed to qualified purchasers for 100 percent of the tax paid on gasoline used for the purpose of operating any aircraft engaged in the transportation of persons or property. The right to receive the refund may be assigned by the purchaser to a qualified seller.

Watercraft: A refund is allowed to qualified boat dock operators for 100 percent of the tax paid on gasoline used to operate or propel watercraft.

Buses, taxicabs and others: A refund is allowed to operators of city and suburban buses, taxicabs and senior citizen transportation and nonprofit buses. The refundable amount is seven-ninths of the excise tax paid on gasoline used in regular scheduled operations in Kentucky.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

KRS 138. For first offenses, one thousand dollars (\$1,000) or ten dollars (\$10) per gallon of nontaxable fuel involved, whichever is greater, against any person who violates this section. The capacity of the fuel tank shall be assumed to be the amount of fuel involved, unless a lesser amount can be adequately verified by the violator; and for subsequent offenses, the penalty shall be the amount determined, multiplied by the number of separate violations by the violator.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, KRS 138.990(7) provides that failure to remit the tax due

constitutes embezzlement of state funds for which the first offense is a class A misdemeanor and the second offense is a Class D felony. In addition, KRS 139.990(8) provides that a person is guilty of a Class A misdemeanor if the person fails or refuses to make returns, pay taxes due, permit examination of records, or commits various other violations of the law.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

72A077,	Licensed Gasoline Dealer's Monthly Report of Gasoline Sales to U.S. Government.
72A078,	Statement of Claim for Accountable Loss of Motor Fuel.
72A080,	Report of Gasoline Received from Licensed Kentucky Dealers.
72A081,	Report of Gasoline Received from Other States.
72A081-P,	Purchaser's Report—Gasoline Imported into Kentucky from Tennessee.
72A081-S,	Supplier's Report—Gasoline Imported into Kentucky from Tennessee.
72A082,	Report of Gasoline Imported.
72A083,	Report of Gasoline Received from Terminal or Refinery.
72A084,	Report of Gasoline Exported.
72A085,	Report of Gasoline Sold to Licensed Kentucky Dealers.
72A086,	Report of Gasoline Withdrawals from Terminal Storage.
72A087,	Report of Gasoline Withdrawals to Licensed Kentucky Dealers.
72A088,	Report of Gasoline Withdrawals Exported.
72A089,	Licensed Gasoline Dealer's Monthly Report.

- 72A090, Gasoline Dealer's Monthly Terminal Storage Report.
- 72A091, Gasoline Schedule of Sales Qualifying for Agricultural Tax Credit.
- 72A098, Transporter's Detail Report of Motor Fuel Delivered.
- 72A103, Licensed Gasoline Dealer's Estimated Tax Payment.

Certifications

- 72A110, Certification of Motor Fuels Nonhighway Use.

Applications

- 72A005, Application for Approval to Sell Watercraft Refund Motor Fuels (Public Boat Dock).
- 72A095, Application for Kentucky Motor Fuels Transporter's License.
- 72A135, Application for Kentucky Motor Fuels Tax Refund Permit.
- 72A300, Tax Registration Application for Motor Fuels License.
- 72A303, Election Application/Cancellation Form.

Refunds

- 72A006, Motor Fuel Tax Refund Application (Public Boat Dock).
- 72A053-A, Application for Refund of Kentucky Motor Fuel Tax Paid on Nonhighway Motor Fuels.
- 72A054-A, Kentucky Motor Fuels Tax Refund Invoice.
- 72A066, Application for Refund of Kentucky Tax Paid on Gasoline Used in Operation of Aircraft.
- 72A072, Application for Motor Fuel Refund (City and Suburban Bus Companies, Nonprofit Bus Companies, Senior Citizen Transportation and Taxicab Companies).

Bonds

72A004,	Motor Fuels Tax Watercraft Refund Bond.
72A065,	Aviation Gasoline Tax Refund Bond.
72A071,	Motor Fuels Tax Refund Bond (City and Suburban Bus, Nonprofit Bus, Senior Citizen Transportation or Taxicabs).
72A301,	Motor Fuels License Bond.

MOTOR FUELS—LIQUEFIED PETROLEUM GAS TAX

(KRS 234.310–234.440)

Rate: Same as rate on gasoline for taxable liquefied petroleum gas withdrawn by the liquefied petroleum gas motor fuel dealer to propel the dealer's own vehicles upon the public highways either within or without this Commonwealth, unless the liquefied petroleum gas is to propel a motor vehicle on which carburetion systems have been approved by the Natural Resources and Environmental Protection Cabinet. Liquefied petroleum gas used to propel motor vehicles on which the Natural Resources and Environmental Protection Cabinet has approved the carburetion system is not subject to the tax imposed by KRS 234.320.

Date payment due: With liquefied petroleum gas motor fuel dealer's report, unless the dealer files an estimated tax report on the 25th day of the month following the month to which it relates. Certified or cashier's check is required. This requirement may be waived if the taxpayer is of sound financial condition and has established a good record of compliance with the requirements of KRS 234.310 to 234.440.

Paid by: Liquefied petroleum gas motor fuel dealer. Liquefied petroleum gas motor fuel dealer means any person who imports or causes to be imported into this Commonwealth for resale or use, or any person making sales in this Commonwealth of liquefied petroleum gas motor fuel for resale or use within this Commonwealth. Each dealer must file an application for a dealer's license and file a satisfactory bond with the Cabinet.

Administered by: Revenue Cabinet.

Date report due: On or before the 25th day of the next succeeding calendar month following the month to which it relates. If the dealer files an estimated tax report and pays 95 percent of the tax liability shown on the last report filed by the 25th day of the month, the dealer's report and final payment are not due until the end of the month.

Compensation: An allowance of 1 percent of the tax is made to the liquefied petroleum gas motor fuel dealer to cover unaccountable losses, bad debts and handling and reporting the tax.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, a first offense violation of KRS 234.430 prohibited actions is classified a Class A misdemeanor. A second offense is a Class D felony (KRS 234.990(6)).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

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| 72A161, | Monthly Report—Liquefied Petroleum Gas Dealer. |
| 72A162, | Report of Liquefied Petroleum Gas Motor Fuels. |

Applications

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| 72A163, | Application for Liquefied Petroleum Gas Motor Fuels Tax Exemption Permit. |
| 72A300, | Tax Registration Application for Motor Fuels License. |

Bonds

- | | |
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| 72A301, | Motor Fuels License Bond. |
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MOTOR FUELS—PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FEE

(KRS 224.60–145)

Rate: Variable, up to, but not to exceed, one and four-tenths cent (\$0.014) per gallon on each gallon of gasoline or special fuel “received” in this Commonwealth.

Date payment due: With monthly report due on the 25th day of the month following the month to which the report relates. The monthly report must be filed by all licensed gasoline and special fuels dealers.

Paid by: Licensed gasoline and special fuels dealers.

Administered by: Revenue Cabinet.

Exemptions: (1) Agricultural gasoline and agricultural special fuels.

(2) Special fuels sold for residential heating purposes.

(3) Special fuels sold to qualifying state or local government agencies.

(4) Special fuels sold for commercial off-road use.

(5) Special fuels sold to qualifying resident nonprofit religious, charitable or educational organizations.

(6) All deductions allowable on a licensed gasoline dealer’s or licensed special fuels dealer’s monthly excise tax report.

Refunds: Any Kentucky motor fuels tax refund permit holder who applies for a refund of the motor fuels tax paid on nonhighway special fuels, may apply for a refund of any petroleum storage tank environmental assurance fee paid.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, KRS 138.990(7) provides that failure to remit the tax due constitutes embezzlement of state funds for which the first offense is a Class A misdemeanor and the second offense is a Class D felony. In addition, KRS 139.990(8) provides that a person is guilty of a Class A misdemeanor if the person fails or refuses to make returns, pay taxes due, permit examination of records, or commits various other violations of the law.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

72A011, Petroleum Storage Tank Environmental Assurance
Fee Monthly Report.

Refunds

72A053-A, Application for Refund of Kentucky Motor Fuels
Tax Paid on Nonhighway Motor Fuels.

MOTOR FUELS—SPECIAL FUELS TAX

(KRS 138.210 et seq.)

Rate: Variable. A minimum combined tax rate of 12 cents per gallon applies (10 cents per gallon variable excise tax plus a flat 2 cents per gallon supplemental tax). The variable excise tax is computed quarterly at 9 percent of the “weighted average wholesale tank wagon price of gasoline” on special fuels “received” in Kentucky. The “weighted average wholesale tank wagon price of gasoline” is determined the first month of each quarter. After the rate is established, it applies to all special fuels “received” during the next quarter. In no case shall the “average wholesale price” be deemed to be less than \$1.11 per gallon, and in no case shall the “average wholesale price” at the close of any fiscal year be deemed to increase more than 10 percent over the “average wholesale price” at the close of the previous fiscal year.

Date payment due: With special fuels dealer report, unless the dealer makes an estimated tax payment on the 25th day of the month following the month to which it relates. Certified or cashier’s check required. This requirement may be waived if the taxpayer is of sound financial condition and has established a good record of compliance with requirements of KRS 138.210 to 138.340.

Paid by: Licensed special fuels dealer. Dealer means any person who is:

- (1) regularly engaged in the business of refining, producing, distilling, manufacturing, blending or compounding special fuels in this Commonwealth;
- (2) regularly importing special fuel, upon which no tax has been paid, into this Commonwealth for distribution in bulk to others;
- (3) regularly engaged in the business of distributing special fuels from bulk storage facilities primarily to others in arm’s length transactions;

(4) regularly exporting special fuels to destinations outside the Commonwealth.

Each dealer must file an application for a dealer's license and file a financial instrument, approved by the Cabinet, for an amount not to exceed three months' liability as computed by the Cabinet or \$5,000, whichever is greater. Approved licensed dealers electing for exemption must file a financial instrument, approved by the Cabinet, not to exceed two months' liability as computed by the Cabinet or \$5,000, whichever is greater. There is no charge for the license.

Administered by: Revenue Cabinet.

Date report due: On or before the 25th day of the next succeeding calendar month following the month to which it relates. If by that date the dealer files an estimated tax report and pays at least 95 percent of the tax liability due for the report month, the dealer's report and final payment are not due until the end of the month.

Exemptions: Special fuels sold to the U.S. government or any of its agencies, sold to other licensed dealers, exported, sold to qualifying railroads, used in unlicensed vehicles or equipment by licensed dealers for nonhighway purposes related to fuels distribution activities, or lost through accountable losses.

Credits: (1) Sales of special fuels to agricultural refund permit holders who have certified the nonhighway usage of the fuel for agricultural purposes. *However, this does not deny a purchaser of special fuels that have been certified for nonhighway agricultural usage, on which the tax has been paid, from applying for a refund instead of the purchaser taking a credit.*

(2) Sales of special fuels to be used exclusively for heating the personal residence to which the fuel is delivered.

(3) Sales of special fuels to qualifying state or local government agencies for nonhighway use.

(4) Sales of special fuels to qualifying resident nonprofit religious, charitable or educational organizations for nonhighway use.

(5) Sales of special fuels sold for commercial off-road use to refund permit holders who have certified the nonhighway usage of the fuel for commercial purposes.

Compensation: 2.25 percent of the net tax due before all allowable tax credits except those authorized by KRS 138.358. No compensation is allowed if the tax report and payment are not timely submitted to the Cabinet.

Refunds: *Nonhighway special fuels:* Except as noted below, full refund is allowed to consumers for the tax paid on any special fuels purchased exclusively for nonhighway purposes.

Watercraft: A refund is allowed to qualified boat dock operators for 100 percent of the tax paid on special fuels used to operate or propel watercraft.

Aircraft: A refund is allowed to qualified purchasers for 100 percent of the tax paid on special fuels used for the purpose of operating any aircraft engaged in the transportation of persons or property. The right to receive the refund may be assigned by the purchaser to a qualified seller.

Buses, taxicabs and others: A refund is allowed to qualified operators of city and suburban buses, taxicabs and senior citizen transportation and nonprofit buses. The refundable amount is seven-ninths of the excise tax paid on special fuels used in regular scheduled operations in Kentucky.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

KRS 138. For first offenses, one thousand dollars (\$1,000) or ten dollars (\$10) per gallon of nontaxable fuel involved, whichever is greater, against any person who violates this section. The capacity of the fuel tank shall be assumed to be the amount of fuel involved, unless a lesser amount can be adequately verified by the violator; and for subsequent offenses, the penalty shall be the amount determined, multiplied by the number of separate violations by the violator.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, KRS 138.990(7) provides that failure to remit the tax due constitutes embezzlement of state funds for which the first offense is a Class A misdemeanor and the second offense is a Class D felony. In addition, KRS 139.990(8) provides that a person is guilty of a Class A misdemeanor if the person fails or refuses to make returns, pay taxes due, permit examination of records, or commits various other violations of the law.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

72A078,	Statement of Claim for Accountable Loss of Motor Fuel.
72A098,	Transporter’s Detail Report of Motor Fuel Delivered.
72A107,	Licensed Special Fuels Dealer’s Monthly Report of Special Fuels Sales to U.S. Government.
72A124,	Report of Kerosene and Other Receipts Received and/or Blended.
72A127,	Special Fuels Schedule of Sales Qualifying for State or Local Government Agency Credit.
72A128,	Special Fuels Schedule of Sales Qualifying for Nonprofit Religious, Charitable or Educational Organization Credit.
72A129,	Special Fuels Schedule of Sales Qualifying for Commercial Off-Road Use Tax Credit.
72A131,	Special Fuels Schedule of Sales Qualifying for Agricultural Tax Credit.
72A132,	Special Fuels Schedule of Sales Qualifying for Residential Heating Tax Credit.

72A138, 72A153,	Licensed Special Fuels Dealer's Monthly Report. Report of Special Fuels Received from Licensed Kentucky Dealers.
72A154,	Report of Special Fuels Received from Other States.
72A154-P,	Purchaser's Report—Special Fuels Imported into Kentucky from Tennessee.
72A154-S,	Supplier's Report—Special Fuels Imported into Kentucky from Tennessee.
72A155,	Report of Special Fuels Exported.
72A156,	Report of Special Fuels Sold to Licensed Kentucky Dealers.
72A159,	Report of Special Fuels Sold for Exclusive Use by Railroad Companies for Nonhighway Purposes.
72A160,	Licensed Special Fuels Dealer's Estimated Tax Payment.
72A170,	Special Fuels Dealer's Monthly Terminal Storage Report.
72A171,	Report of Special Fuels Imported.
72A172,	Report of Special Fuels Received from Terminal or Refinery.
72A173,	Report of Special Fuels Withdrawals to Licensed Kentucky Dealers.
72A174,	Report of Special Fuels Withdrawals Exported.
72A175,	Report of Special Fuels Withdrawals from Terminal Storage.

Certifications

72A110,	Certification of Motor Fuels Nonhighway Use.
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Applications

72A135,	Application for Kentucky Motor Fuels Tax Refund Permit.
72A300,	Tax Registration Application for Motor Fuels License.
72A303	Election Application/Cancellation Form.

Refunds

- 72A006, Motor Fuel Tax Refund Application (Public Boat Dock).
72A053-A, Application for Refund of Kentucky Motor Fuel Tax Paid on Nonhighway Motor Fuels.
72A054-A, Kentucky Motor Fuels Refund Invoice.
72A072, Application for Motor Fuel Refund (City and Suburban Bus Companies, Nonprofit Bus Companies, Senior Citizen Transportation and Taxicab Companies).

Bonds

- 72A004, Motor Fuels Tax Watercraft Refund Bond.
72A071, Motor Fuels Tax Refund Bond (City and Suburban Bus, Nonprofit Bus, Senior Citizen Transportation or Taxicabs).
72A301, Motor Fuels License Bond.

MOTOR VEHICLE AND BOAT PROPERTY TAX

(KRS 132.485, 132.487, 132.488, 134.810)

Rate: State rate 45 cents per \$100 of fair cash value, plus full local rates. Valuation determined from a standard manual prescribed by the Revenue Cabinet, at the average trade-in value. Vehicles qualifying under KRS 186.043 as historic motor vehicles are taxed at 25 cents per \$100, state rate only.

Tax period: One year.

Date payment due: Tax is due the earlier of: the last day of the month in which registration renewal for a motor vehicle or boat is required by law **or** the last day of the month in which a motor vehicle or boat is transferred.

Paid by: Owner of motor vehicle or boat as of the assessment date—January 1.

Collected by: County clerk.

Administered by: Revenue Cabinet, Department of Property Valuation.

Exemptions: Vehicles owned by religious institutions, purely public charitable institutions and governmental agencies.

Penalty: Taxes become delinquent following the earlier of the end of the month in which registration renewal is required by law or the last day of the second month in which a vehicle is transferred. The following additional charges are applied to all delinquent accounts: \$1 lien filing fee; 3 percent penalty first 30 days; 10 percent penalty after 30 days; 15 percent per annum interest (computed daily).

MOTOR VEHICLE OPERATOR'S LICENSE

(KRS 186.400 et seq.)

Fees: All licenses are renewed for four years. The fee for renewal operator's or moped license shall be \$8. The renewable fee for motorcycles is \$12. The fee for original operator's or moped license shall be \$8. The fee for an original motorcycle license is \$12. The fee for renewal of a combination license (motorcycle/operator) shall be \$18. The fee for all duplicate licenses shall be \$6. The fee for instruction permits shall be \$6. If the applicant is under 21 years old, the fee for an operator's license is \$2 per year, a motorcycle license is \$3 per year and a combination license is \$4.50 per year. In July 2002, licenses/ID cards issued to non U.S. Citizens will expire at the same time as their immigration documents to be in the U.S.

Tax period: Instruction permit valid for one year; operators, motorcycle operators, moped, and combination license valid for four years. All licenses expire 30 days after birthdate in year indicated on license, except under the age of 21, which expire 90 days after 21st birthday.

Method of securing license: Application for license is made to circuit court clerk of the county in which the applicant resides prior to the operation of motor vehicle and at the time of license renewal. Pre-renewal notices are automatically mailed to license holders prior to renewal date. License is renewed at four-year intervals 30 days after birthdate of applicant.

Date of payment: When application is made to circuit court clerk.

Paid by: Operator of motor vehicle.

Collected by: Circuit court clerk of county in which applicant resides.

Administered by: Transportation Cabinet.

Date reports due: Daily, monthly. Clerk of any court is required to report all convictions for motor vehicle law violations to the Transportation Cabinet within 15 days following conviction. Driving Under Influence convictions must be mailed within five days following conviction.

Exemptions: Nonresidents properly licensed in home states. Kentucky reciprocates with other states regarding exemptions. Persons in the service of the U.S. Armed Forces driving properly licensed official vehicles are exempt.

Penalties: KRS 186.560 and 186.570 provide for suspension, revocation, withdrawal, cancellation or denial of license for certain causes (such as conviction for manslaughter, for assault and battery from operation of a motor vehicle, for driving while under the influence of intoxicants, for driving a motor vehicle involved in an accident and failing to stop and disclose his or her identity at the scene of accident, etc.). For any violation of license law for which no other penalty is provided, KRS 189.990(3) imposes a criminal penalty of \$17 to \$500 fine and/or imprisonment not exceeding six months. A conviction for driving without an operator's license has a fine of not less than \$12 nor more than \$500 or imprisonment for not more than six months, or both. KRS 281A contains commercial drivers license laws.

Report form used:

Form 250, Circuit Court Clerks' Daily and Monthly Report of Licenses and Permits Issued.

MOTOR VEHICLE REGISTRATION AND TITLING

(KRS 186.010 et seq., 281.850)

Registration fees: Passenger cars, \$12; school and church buses, \$12; trucks, with wrecker equipment, \$12; motorcycles, \$9.50, side car attachments, \$7.50 each; transfer certificate, \$3; motor vehicle dealers and manufacturers, \$25.50; additional dealer plates, \$12.50; house cars, \$20.50. Note: Dealers are exempt from paying the state transfer fee when selling vehicle.

Truck Registration Fees^{1,2,3,4,5,6,7}

0-6,000	\$ 12.00
6,001-10,000	24.50
10,001-14,000	30.50
14,001-18,000	50.50
18,001-22,000	132.50
22,001-26,000	160.50
26,001-32,000	216.50
32,001-38,000	300.50
38,001-44,000	474.50
44,001-55,000	544.50
55,001-62,000	882.50
62,001-73,281	1,125.50
73,281-80,000	1,260.50

Other Registration Fees^{1,5}

Trailers drawn by passenger cars and camper trailers	5.00
Trailers drawn by trucks	20.00
House trailers	10.00
Permanent trailer license	98.00

¹Fees may be prorated for licenses obtained on motorcycles or trucks purchased after first of year or brought in from other states.

²Plus 50 percent on any motor vehicle not equipped with pneumatic tires.

³Motor vehicles with a declared gross weight in excess of 18,000 pounds may be registered for 75 percent of the fee if: (a) vehicle is operated exclusively within a set distance from a city limit; (b) the vehicle is used exclusively to transport primary forest products from the harvest area to the processing facility if no more than 50 air miles; or (c) the vehicle is used exclusively to transport concrete blocks or ready-mix concrete from production point to construction site if not over 30 air miles.

⁴Farm trucks with gross weight of 38,000 pounds or less pay fee of \$12. If the gross weight is over 38,000, they pay only 40 percent of fee.

⁵Beginning January 1, 1993, all license plates issued will be reflectorized. The additional 50 cents fee allowed to be charged has been included in all fees listed.

⁶Dealers in motor trucks or trailers need only pay one-half of the fee for a license plate to be used on vehicle being demonstrated for sale. The license plate may be moved from vehicle to vehicle.

⁷A "for sale" certificate of registration for a vehicle with a declared gross weight in excess of 18,000 pounds may be obtained for \$1 if the owner intends to sell the vehicle and have the registration fee prorated.

Apportioned Registration—This registration plan is designed for commercial vehicles which operate into other states which are members of the International Registration Plan. The cost of the license plate is determined by multiplying the percentage of miles operated in each jurisdiction by that jurisdiction's registration fee. Payment is made directly to the Transportation Cabinet, which makes distribution to the various jurisdictions involved.

An apportionable vehicle is one which is used in two or more jurisdictions which allocate or proportionally register vehicles used in for-hire transporting of persons, or vehicles designed, used or maintained primarily for the transportation of property, and which: (1) have a gross weight in excess of 26,000 pounds; or which, (2) have three or more axles, regardless of weight; or which, (3) are used in combination, the weight of such combination exceeding 26,000 pounds gross. Vehicles must be titled in Kentucky in the office of a county clerk, or must hold a valid foreign title, upon which the Revenue Cabinet has approved a usage tax exemption before plates can be issued.

Registration tax period: Commercial vehicles and trailers, April 1 through March 31. Passenger cars and 6,000 pound trucks are on a staggered registration basis based on birth month of owner. Leased automobile utility trailers, January 1 through December 31.

Vehicle titling fees: \$6 fee for original title application and \$4 for each application for a replacement or corrected certificate of title.

Date payment due: Prior to operation in Kentucky; or, for commercial vehicles and trailers, on or before April 1 each year for other vehicles, on or before March 1 each year. Since 1983, vehicle registrations are staggered by birth month of owner. Title must be applied for within 15 days of bringing vehicle into Kentucky.

Paid by: Owner of motor vehicle.

Collected by: County clerk of county in which owner resides or in which motor vehicle is to be operated except apportioned registration fees, which are paid directly to the Transportation Cabinet.

Administered by: Transportation Cabinet.

Exemptions: The following motor vehicles are exempt from registration fees: vehicles owned by federal government, Commonwealth of Kentucky, municipalities, counties and county boards of education. Kentucky reciprocates to full extent of reciprocity extended by other states.

The following trailers are exempt from registration fees: privately owned and operated trailers used for the transportation of boats, luggage, personal effects, farm products, farm supplies or farm equipment; trailers and semi-trailers in transit between a manufacturing plant and dealer's place of business; between a manufacturing plant and user's place of residence; or between a dealer's place of business and user's place of residence and farm equipment pulled or towed by a motor vehicle not required to be licensed under the provisions of Chapter 186 of the Kentucky Revised Statutes.

Compensation: For each license or registration issued, county clerk receives in addition to the license/registration fee collected:

- | | |
|---|--------|
| 1. Passenger vehicles and trucks | \$3.00 |
| 2. Each transfer certificate issued | 3.00 |
| 3. Trailers | 1.00 |
| 4. Permanently licensed trailer | 3.00 |

Refund: When passenger vehicle is destroyed by fire or accident, registration fee proportionate to the registration period. When commercial vehicle over 18,000 pounds is destroyed by fire or accident or ownership is changed, registration fee may be refunded on a monthly basis.

Special plates: (a) Historic Motor Vehicle License Plate—Two license plates for use on a vehicle 25 years or older cost \$50.50.

This is a one-time fee. The plates are valid for the life of the vehicle, but the vehicle is to be used only in parades, shows, competitions, etc.—not in general transportation. Registration and licensing are by the Transportation Cabinet. (b) Prisoner of War License Plate—A five-year license plate issued to a former prisoner of war or the surviving spouse costs \$20. The county clerk's fee is \$3 each year. (c) Handicapped Veterans License Plate—The annual registration fee for a veteran declared at least 70 percent disabled by the Veteran's Administration is \$12 plus a \$3 county clerk's fee. There is no additional charge for the special license plate. However, if any disabled veteran receives financial aid from the VA toward the purchase or lease of a motor vehicle there is no fee for the vehicle registration. (d) Handicapped License Plate—The annual registration fee for handicapped persons is \$12 plus a \$3 county clerk's fee. There is no additional charge for the special license plate. (e) Member of Congress License Plate—A five-year license plate issued to a member of Congress costs \$25 in addition to the \$12 registration fee and the \$3 county clerk's fee. Each renewal for the four years thereafter costs \$12 plus a \$3 county clerk's fee. (f) Volunteer Firefighter's License Plate—A five-year license plate issued to a volunteer fireman has an annual registration fee of \$12 plus a \$3 county clerk's fee. There is no additional charge for the special license plate. (g) Disaster and Emergency Services License Plate—A five-year license plate issued to a member of a disaster and emergency services' staff or a volunteer rescue squad costs \$25.50 with a \$3 county clerk's fee. Annually, thereafter, the renewal registration costs \$12 plus a \$3 county clerk's fee. (h) National Guard License Plate—A special license plate may be issued to a member of the Kentucky National Guard or a guard retiree for a one-time fee of \$17 plus a \$3 county clerk's fee. There is no annual renewal registration fee as long as the licensee qualifies for the plate, but there is an annual \$3 county clerk's fee. (i) Civil Air Patrol License Plate—A special license plate may be issued to a member of the Civil Air Patrol for a \$25.50 fee and \$3 county clerk's fee. Annually, thereafter, the renewal registration costs \$12 plus a \$3 county clerk's fee. (j) Personalized License Plate—Annual personalized license plates cost \$25 in addition to the \$12 registration fee for passenger cars or \$9.50 for motorcycles and the \$3 county clerk's fee. (k) Amateur Radio Operator's License

Plate—A five-year license plate may be issued to a person holding an official amateur radio station and operator's license from the FCC for \$25 plus the annual \$12 registration fee and annual \$3 county clerk's fee. (l) General Assembly License Plate—Two five-year license plates for use on separate vehicles may be issued to a member of the General Assembly. There is a \$25 fee for each license plate in addition to the annual \$12 registration fee and \$3 county clerk's fee. (m) Judicial License Plate—Two five-year license plates for use on the same vehicle may be issued to a justice or a judge of the Court of Justice for a \$25 fee in addition to the annual \$12 registration fee and \$3 county clerk's fee. (n) Congressional Medal of Honor License Plate—A recipient of the Congressional Medal of Honor may be issued a special license plate with only the payment of the annual \$3 county clerk's fee. (o) Military License Plate—A life-time license plate may be issued to a member of any branch of the U.S. military reserve or any retired member with 25 years of service for a \$17 fee plus the \$3 county clerk's fee. Annually, thereafter, the \$12 registration fee and \$3 county clerk's fee shall be paid. (p) Pearl Harbor Survivor License Plate—A five-year license plate may be issued to a certified survivor of the attack on Pearl Harbor for a one-time payment of \$20 plus the \$3 county clerk's fee annually. (q) Purple Heart Recipient License Plate—A five-year license plate may be issued to a Purple Heart recipient for a fee of \$17 plus the \$3 county clerk's fee. Annually, thereafter, the \$12 registration fee and a \$3 county clerk's fee shall be paid. (r) Collegiate License Plate—A five-year license plate honoring one of Kentucky's eight public universities may be issued to any applicant for \$25 in addition to the annual \$12 registration fee and \$3 county clerk's fee. (s) Civic Event License Plate—For a \$5.50 fee plus the \$2 county clerk's fee, a special license plate may be placed on a vehicle loaned or donated by a dealer for use in a civic event for the duration of that event. (t) Fraternal Order of Police License Plate—A five-year license plate may be issued to a member of the Fraternal Order of Police for a \$25 fee in addition to the annual \$12 registration fee and \$3 county clerk's fee. (u) Street Rod License Plate—A five-year license plate may be issued for use on a car manufactured prior to 1949 or designed to resemble a vehicle manufactured prior to 1949 for a \$25 fee plus the annual \$12 registration fee and \$3 county clerk's fee. (v) Masonic Order

License Plate—A five-year license plate may be issued to any member of a masonic order for a \$25.50 fee and a \$3 clerk's fee the first year with a \$12 renewal fee plus \$3 clerk's fee for the remaining four years. (w) Horse Council Plate—A five-year license plate may be issued for a \$50 fee which includes a \$3 clerk's fee the first year with a \$17 renewal fee plus \$3 clerk's fee for the remaining four years. (x) Child Victim Plate—A five-year license plate may be issued for a \$50 fee which includes a \$3 clerk's fee the first year with a \$17 renewal fee plus \$3 clerk's fee for the remaining four years. (y) Nature Plate—A five-year license plate may be issued for a \$25 fee which includes a \$3 clerk's fee the first year with a \$22 renewal fee plus \$3 clerk's fee for the remaining four years.

Temporary truck registration permit: A truck registered in another jurisdiction may be issued a 10-day permit in lieu of full registration to operate on Kentucky highways. The fee is \$25 for vehicle and towed unit with a declared gross weight of 55,000 pounds or less and \$40 for one over 55,000 pounds.

Penalties: KRS 186.990 provides a criminal penalty of a fine of not less than \$20 nor more than \$100 for violation of certain sections of the law, and a fine of not less than \$20 nor more than \$2,000 and/or imprisonment not to exceed one year for violation of other sections.

MOTOR VEHICLE TIRE FEE

(KRS 224.50-820 et seq.)

Rate: \$1 per tire on retail purchases of motor vehicle tires sold in Kentucky. Retailers of new motor vehicle tires are allowed to retain a 5 percent handling fee on the amount of tire fee collected.

Method of collection: Monthly, quarterly or annually based on graduated sales.

Paid by: Purchasers of new motor vehicle tires and collected by new motor vehicle tire retailers.

Administered by: Revenue Cabinet and Natural Resources and Environmental Protection Cabinet.

Date report due: 20th day of the month following the reporting period during which the sales were made.

Date payment due: With report.

Exemptions: Sales of recapped tires, sales of used tires, tires placed on a motor vehicle prior to its original sale.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Interest: From the original due date of the return until the date the fee is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

73A051,

Motor Vehicle Tire Fee Report.

MOTOR VEHICLE U-DRIVE-IT USAGE TAX

(KRS 138.463, 138.4631)

General: The motor vehicle U-Drive-It usage tax is an optional method for the payment of motor vehicle usage tax on rental or lease vehicles. (See Motor Vehicle Usage Tax.) To qualify for this optional tax payment method, a U-Drive-It permit must be obtained from the Transportation Cabinet. The permit holder must also show to the satisfaction of the Cabinet that he is regularly engaged in the renting or leasing of motor vehicles to retail customers as a part of an established business. A holder of a permit operating a fleet of rental passenger cars which has been registered pursuant to an allocation formula approved by the Cabinet is required to pay the tax using this tax payment method.

Permit: Must hold a U-Drive-It permit from Transportation Cabinet.

Rate: 6 percent of gross rental or lease charges paid by the customer or lessee renting or leasing a motor vehicle from a U-Drive-It permit holder.

Paid by: Permit holder is responsible for payment to the Cabinet, but the tax may be charged and collected from the customer.

Administered by: Transportation Cabinet.

Date reports due: Monthly, due on or before the end of the succeeding month following the period covered by the tax report.

Date payment due: With report.

Penalties: For failure or refusal of permit holder to file a return or furnish information requested in writing, the Cabinet may estimate the holder's gross rental or lease charges and issue an assessment and add a penalty of 10 percent of the assessment. For failure to make and file a return on or before the due date, a penalty of 5 percent (but not more than 25 percent) of the tax due shall be added for each 30 days or fraction thereof that the return is late.

Interest: For failure to submit payment of any taxes due on or before the due date, interest upon the unpaid amount is assessed as established by KRS 131.183.

Report form used:

Kentucky U-Drive-It Monthly Use Tax Return.

MOTOR VEHICLE USAGE TAX

(KRS 138.450 et seq.)

General: Motor vehicle usage tax is a tax on the privilege of using a motor vehicle upon the public highways of the Commonwealth. Generally, the tax is collected by the county clerk when the vehicle is first presented for registration in Kentucky and when ownership is transferred. However, KRS 138.463 provides an optional method of paying the tax for rental or lease vehicles (see Motor Vehicle U-Drive-It Usage Tax).

Rate: 6 percent.

The taxable value of both new and used vehicles is based on the total consideration given. Total consideration given includes cash, the amount financed and the value, in money, of other items (boats, trailers, guns, etc.) offered in trade for the vehicle being purchased but does not include the value of any rebates, service contracts, extended warranties, finance charges, etc. In the case of new vehicles, total consideration includes the value assigned by the dealer for any vehicle trade in. In the case of used vehicles, total consideration does not include the value assigned by the seller for any motor vehicle traded in. An affidavit signed by both the buyer and seller must be presented at the time of registration and each signature must be individually notarized. Basing taxable value on the total consideration given is the preferred method; however, KRS 138.450 makes provisions for valuation of both new and used vehicles in the event an affidavit of total consideration is not available.

In the case of new vehicles, where an affidavit is not available, taxable value will be determined using 90 percent of the manufacturer's suggested retail price (MSRP), including the MSRP of any options and destination charges, except that portion of the price attributable to equipment or adaptive devices necessary to accommodate a handicap. Trucks weighing in excess of 10,000 pounds will be based on 81 percent of the total MSRP.

In the case of used vehicles, where an affidavit is not available, the taxable value will be based on the average retail value from the

appropriate reference manual prescribed by the Revenue Cabinet. Any applicable trade-in allowance will also be based upon average retail value in the prescribed reference manual. Trade-in allowance is granted when the vehicle being traded in has been previously registered in Kentucky in the name of the person claiming credit and the vehicle being purchased has been previously and properly registered in any state or country.

Date payment due: At time vehicle is first registered in Kentucky and when ownership is transferred.

Paid by: Owner of vehicle.

Collected by: County clerk of county in which vehicle is registered or other officer with whom registered. If a U-Drive-It permit holder elects or is required to pay the usage tax on the gross rental or lease charges, the tax is paid directly to the Transportation Cabinet by the U-Drive-It permit holder.

Administered by: Revenue Cabinet.

Date report due: County clerk's weekly report of receipts is due each Monday for preceding week; report becomes delinquent seven days following due date. County clerk is required to deposit motor vehicle usage tax collections in a Revenue Cabinet bank account not later than the next business day following receipt.

Exemptions: (a) motor vehicles sold to the United States, or to the Commonwealth of Kentucky or any of its political subdivisions; (b) motor vehicles sold to institutions of purely public charity and institutions of education not used or employed for gain by any person or corporation; (c) motor vehicles which have been previously registered and titled in any state or by the federal government when being sold or transferred to licensed motor vehicle dealers for resale. Such motor vehicles shall not be leased, rented or loaned to any person and must be held for resale only; (d) motor vehicles sold by or transferred from dealers registered and licensed in compliance with the provisions of KRS 186.070 and KRS 190.010 to 190.080 to nonresident members of the armed forces on duty in the Commonwealth under orders from the United States government; (e) commercial motor vehicles, excluding passenger vehicles having a seating capacity for nine persons or less, owned by nonresident owners and used primarily

in interstate commerce and based in a state other than Kentucky which are required to be registered in Kentucky by reason of operational requirements or fleet proration agreements and are registered pursuant to KRS 186.145; (f) motor vehicles previously registered in Kentucky; transferred between husband and wife, parent and child, stepparent and stepchild, or grandparent and grandchild; (g) motor vehicles transferred when a business changes its name and no other transaction has taken place or an individual changes his or her name; (h) motor vehicles transferred to a corporation from a proprietorship, or limited liability company to a limited liability company, from a corporation or proprietorship, or from a corporation or limited liability company to a proprietorship, within six months from the time that the business is incorporated or dissolved; (i) motor vehicles previously registered in Kentucky which are transferred by will, court order or under the statutes covering descent and distribution of property; (j) motor vehicles transferred between a subsidiary corporation and its parent corporation when there is no consideration or nominal consideration, or in sole consideration of the cancellation or surrender of stock; (k) the interest of a partner in a motor vehicle when other interests are transferred to him; (l) motor vehicles repossessed by a secured party who has filed a financing statement as required by KRS 186.045(6). The reposessor must hold the vehicle for resale only and not for personal use unless he has previously paid the motor vehicle usage tax on said vehicle; (m) motor vehicles transferred to an insurance company to settle a claim. Such vehicles shall be junked or held for resale only; (n) commercial vehicles registered and used solely for business purposes by qualified businesses within an enterprise zone designated by the Kentucky Enterprise Zone Authority. For motor vehicles not considered commercial vehicles pursuant to KRS 186.050, the exemption is limited to the first \$20,000 of taxable value of the vehicle; (o) motor vehicles transferred between a limited liability company and any of its members, if there is no consideration, or nominal consideration, or in sole consideration of the cancellation or surrender of stock.

Credits: A credit against the applicable Kentucky tax is allowable for similar taxes paid to other states provided sufficient evidence of such tax payment is submitted.

Compensation: The county clerk receives 3 percent of the tax collected and accounted for.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates. Also, for failure of the county clerk to forward duplicates of all receipts issued during the reporting period or failure to file the weekly report of monies collected within seven days following due date as required by KRS 138.464, a penalty of 2.5 percent per month or fraction thereof of the amount due is imposed. For failure of the county clerk to deposit collections in a Revenue Cabinet bank account by the next business day after receipt as required by KRS 138.464, a penalty of 2.5 percent per day shall be imposed on the amount not deposited. The penalty for failure to deposit cannot be less than \$50 nor more than \$500 per day.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). For any violation of the law, KRS 138.990(10) provides a criminal penalty of a fine from \$25 to \$1,000. If the offender is an individual, he shall be guilty of a Class A misdemeanor.

Any person who willfully and fraudulently gives a false statement as to the total and actual consideration paid for a motor vehicle under KRS 138.450 shall be guilty of a Class D felony and shall be fined not less than \$2,000 per offense.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

71A174-A, County Clerk Recapitulation of Motor Vehicle Usage Tax—Interim Report.

MOTORBOAT MANUFACTURER AND DEALER REGISTRATION

(KRS 235.220)

Fee: \$25—Upon receipt of this fee, the Division of Water Patrol, Department of Fish and Wildlife Resources, shall issue to the manufacturer or dealer a certificate of number and a plate bearing the number assigned which shall be so designed that it can be transferred from boat to boat. Additional dealer certificates of number and plate shall be furnished upon the payment of \$2 for each additional certificate of number and plate desired.

Tax period: One year, May 1 to April 30.

Payment due: Registration to be in the possession of dealer or manufacturer by May 1.

Paid by: Dealer or manufacturer of motorboats.

Administered by: Department of Fish and Wildlife Resources.

Collected by: Natural Resources and Environmental Protection Cabinet, Frankfort, Kentucky. All applications and fees to be sent directly to the Cabinet.

MOTORBOAT REGISTRATION AND TITLING

(KRS 235.010 et seq., Chapter 186A)

Fees: In addition to a \$1 fee for the Transportation Cabinet and a \$3 fee for the county clerk, the following motorboat registration fees are charged:

Boats for pleasure, livery and commercial:

One foot up to but not including 16 feet	\$15
16 feet up to but not including 26 feet	19
26 feet up to but not including 40 feet	25
40 feet and longer	29
All inboard and inboard/outboard motorboats regardless of size	30
With electric motor as sole source of propulsion	5

A duplicate registration fee is \$3 for the county clerk. There is an additional \$2 fee for the Transportation Cabinet when the motorboat owner is issued a replacement license decal. The fee for an application for a certificate of title is \$6. The fee for each application for a replacement or corrected certificate of title is \$4. The fee for transferring registration is \$6.

Tax period: One year—May 1 through April 30.

Procedure for registration: Application for registration made to county clerk prior to operation of boat not previously registered and at the time of registration renewal. Registration renewal must be made annually by May 1. Boat registration number certificate issued by county clerk at time of application.

Date of payment: When application to county clerk is made.

Paid by: Motorboat owner.

Collected by: County clerk of county in which boat owner resides or in county where the boat is principally operated.

Administered by: Transportation Cabinet.

Date report due: Daily; monthly.

Exemptions: A boat brought into Kentucky is allowed to operate 60 days without Kentucky registration numbers, if the boat has a valid registration number from another state. A motorboat whose owner is the United States government, a state or a subdivision thereof, except when such boat is leased to the public for compensation, must be registered according to KRS 235.080(2). Titles are not required for boats owned prior to January 1, 1990. Motorboats licensed by the U.S. Coast Guard are exempt from registration and titling requirements.

Penalties: A conviction of failure to register or title a motorboat has a fine of not less than \$15 nor more than \$100.

OIL PRODUCTION TAX

(KRS 137.120 et seq.)

Rate: 4.5 percent of market value of crude petroleum produced in Kentucky.

Date payment due: With report.

Paid by: Transporter of crude petroleum, as agent, for all persons owning any interest in such oil.

Administered by: Revenue Cabinet.

Date report due: 20th of each month on crude petroleum received for transportation during preceding month.

Exemptions: None.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, for violations of any provisions of the law, a fine of not less than \$100 nor more than \$500 and/or imprisonment for not less than 30 days nor more than six months (KRS 137.990(2)(b)).

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

56A112, Crude Petroleum Transporter's Monthly Report.

PERSONAL IDENTIFICATION CARD

(KRS 186.400)

Fees: Personal identification card, \$4 for a four-year original or renewal; \$2.00 for a duplicate.

Tax period: ID valid for four years from date of issuance. ID may be renewed upon expiration.

Method of securing ID: Application for personal identification card is made to the circuit court clerk in the county where the applicant resides.

Date of payment: When application is made to circuit court clerk.

Paid by: Applicant.

Collected by: Circuit court clerk of the county in which the applicant resides.

Administered by: Transportation Cabinet.

Date reports due: Daily; monthly.

Report form used:

Form 250, Circuit Court Clerks' Daily and Monthly Report of Licenses and Permits Issued.

2002 PROPERTY TAX RATES

(KRS 132.010 et seq.)

Rate:

Type of Property	Rate Per \$100 Valuation		
	State	County/City	School
Ag Credit Association	\$.10	\$None	\$None
Agricultural Products			
In hands of producer			
or agent .....	.015	None	None
Unmanufactured tobacco			
in storage .....	.015	.015	None
Other unmanufactured			
agricultural products .....	.015	.045	None
Aircraft (non-commercial			
use only) .....	.015	***	***
Annuities			
(Rights to Receive Income			
Only) .....	.001	None	None
(Single Premium Deferred) ..	.25	None	None
Bank Deposits			
Domestic .....	.001	None	None
Out-of-State .....	.001	None	None
Bank for Cooperatives			
Capital Stock .....	.10	None	None
Boats and Marine Equipment			
(under floor plan financing).	.05	None	None
Brokers' Accounts Receivable .	.10	None	None
Car Lines	**	**	**
Documented Boats (non-			
commercial use only) .....	.015	***	***
Farm Machinery .....	.001	None	None
Intangible Personal			
Cash on hand, bonds, loans,			
notes and mortgage receivable,			
land contracts, accts. receivable,			
trade and professional accts.,			
stockholder and employee loans,			
installment accts. and			
miscellaneous receivables ....	.25	None	None

Rate:

Type of Property	Rate Per \$100 Valuation		
	State	County/City	School
Intangible Personal			
Accts., notes, mortgages substantially performed out-of-state, inter-company accts., and tobacco base, rights, royalties, patents, allotments .....	.015	None	None
Intrastate Railroads .....	.10	**	**
Leasehold Interests .....	.015	None	None
(owned and financed by tax-exempt organization)			
Domestic Life Insurance			
Companies			
Capital (2003) .....	.14	.15	None
Reserves .....	.001	None	None
Policy Proceeds on			
Deposit .....	.25	None	None
Farm Machinery Dealers'			
Inventory .....	.05	None	None
(under floor plan financing)			
Livestock and Poultry .....	.001	None	None
Manufacturing Machinery .....	.15	None	None
Margin Accounts .....	.25	None	None
Merchants Inventory .....	.05	Full	Full
Metals, nonferrous			
commodity .....	.05	None	None
Mobile Homes	*	Full	Full
Motor Vehicles			
Historic vehicles .....	.25	None	None
Interstate trucks, tractors, semi-trailers and buses	**	**	**
Held for sale (dealers only) .	.05	None	None
Salvaged titled (insurance companies only) .....	.05	None	None
Other motor vehicles .....	.45	Full	Full
Pollution Control Facilities .....	.15	None	None
Production Credit Assn. ....	.10	None	None

Rate:

Type of Property	Rate Per \$100 Valuation		
	State	County/City	School
Radio, Television and Telephonic Equipment .....	.15	None	None
Raw Materials and Products in Course of Manufacture .....	.05	None	None
Real Estate	*	Full	Full
Recycling Machinery and Equipment .....	.45	None	None
Retirement Plans .....	.001	None	None
Savings and Loan Associations	.10	None	None
Tangible Property Not Elsewhere Specified .....	.45	Full	Full
Unmined Coal	*	Full	Full
Warehouses/Distribution Centers Property in storage except goods in transit .....	.05	Full	Full
Goods in transit****	Exempt	Exempt	Exempt

*State rate is 13.5 cents per \$100 for 2002 and will be computed annually for 2003 and thereafter.

**Factored tax rates computed annually.

***Local exemption optional.

****Exempt, except local exemption optional for fire and other special districts.

Listing: All property taxable in the Commonwealth shall be listed by the owner or person having any interest in the property. Real property must be listed with the property valuation administrator from January 1 to March 1. Any real property correctly and completely described in the assessment record for the previous year, or purchased during the preceding year, and for which a value was stated in the deed according to the provisions of KRS 382.135, may be considered by the owner to be listed for the current year. However, no changes that could potentially affect the assessed value of the property can have been made since the previous assessment date or since the property was purchased. Tangible or intangible personal property is to be listed with either the property valuation administrator or the Department of Property

Valuation between January 1 and May 15. After May 15, tangible and intangible property that has not been listed will be considered omitted and the appropriate penalties will be applied to the tax bill. No extensions can be granted for this deadline with the exception that individuals may extend the intangible filing to coincide with their income tax filing extension.

Exemptions: The following property is entirely exempt from taxation: public property used for public purposes; property of purely charitable institutions and of nonprofit educational institutions; household goods of a person used in the home; real property owned and occupied by, and personal property, both tangible and intangible, owned by institutions of religion; public libraries; places of burial held by nonprofit organizations; shares of stock and mutual funds; and crops grown in the calendar year in which the assessment is made and in the hands of the producer. Most property held by the federal government or its agencies is exempt; however, each case is treated individually. All real property exempt from taxation must be listed with the property valuation administrator in the same manner and at the same time as taxable real property.

The Homestead Amendment effective January 1, 1972, provides an exemption, adjusted every two years according to the cost of living index, of the assessed value of a qualifying single-unit residential property, the owner(s) of which being 65 years of age or older, or classified as totally disabled under a program authorized or administered by an agency of the United States government or by any retirement system either within or without the Commonwealth of Kentucky. The exemption for 2001 and 2002 is \$26,800. The exemption will be adjusted again in 2003.

Land devoted to agricultural or horticultural use and meeting other requirements prescribed by KRS 132.010 and 132.450 is valued according to its income-producing capability from agricultural or horticultural purposes rather than its market value.

Assessment procedure: The law provides that property not assessed by the Revenue Cabinet (which assesses property of public service companies, building and loan companies, production credit associations, etc.) shall be assessed by the property valuation administrator as of January 1 each year at its fair cash value.

A recapitulation of the real property tax roll is made by the property valuation administrator and submitted to the Revenue Cabinet by the first Monday in April (KRS 133.040).

The Revenue Cabinet makes recommendations to the property valuation administrator regarding needed corrections in the assessment.

The tax roll inspection period begins on the first Monday in May, and continues for 13 days. The tax roll must be open for inspection for six days per week, one of which shall be Saturday; however, the final day of the inspection period cannot be a Saturday, Sunday or legal holiday. This means that, in most cases, the 13th day of the inspection period is a Monday, but if that particular Monday is a legal holiday, then the Tuesday after the holiday is the last day of the inspection period.

Taxpayers who disagree with their real property's assessed value must follow the procedures outlined below.

The taxpayer must first request a conference with the property valuation administrator or a designated deputy. The conference must be held prior to or during the inspection period and, at the taxpayer's request, the conference may be held by telephone.

If, after the conference, the taxpayer still feels his or her assessment is too high, then an appeal may be filed in the county clerk's office. All appeals must be filed no later than one working day following the conclusion of the inspection period. Appeals may be taken prior to the inspection period **if** the taxpayer has had the conference with the property valuation administrator.

The local board of assessment appeals is scheduled to convene no earlier than 25 days and not later than 35 days following the conclusion of the tax roll inspection period.

When presenting an appeal to the local board, the taxpayer is required to provide factual evidence to support the appeal. If reasonable information pertaining to the value of the property is not presented as requested by the property valuation administrator, Revenue Cabinet or board member, the appeal shall be denied.

Any person who is **being paid** to represent a taxpayer before the board must present written authorization and be an attorney, a certified public accountant, a certified real estate appraiser, a Kentucky licensed real estate broker, a professional appraisal designation holder recognized by the Revenue Cabinet, or an employee of the taxpayer. People representing others **without pay** do not have to qualify.

A taxpayer who does not file an appeal during the inspection period, or a taxpayer who does not show up to present the appeal before the local board, will not be able to appeal the assessment directly to the Kentucky Board of Tax Appeals (KBTA).

The board must provide a written explanation which justifies the action taken on an appeal for both decreases and increases in assessment. This documentation must be recorded on forms provided by the Revenue Cabinet or in a format approved by the Revenue Cabinet. A written explanation is not required if no change is made.

Appeals do not delay the collection or payment of property taxes. The taxpayer is entitled to pay all property taxes based on the amount claimed as the true value in the taxpayer's petition of appeal. If the local board determines that the property's value is higher than what the taxpayer claimed, supplemental tax bills must be prepared.

Within three working days after the close of the inspection period, the county clerk must provide a copy of each appeal and a summary of all appeals filed to the property valuation administrator. The summary shall be on forms provided or approved by the Revenue Cabinet. The property valuation administrator must then prepare and submit to the Revenue Cabinet a final recapitulation (recap) of the real property tax roll. This recap must reflect all changes made by the property valuation administrator since the first recap was submitted and it must also be revised for all assessments under appeal since the tax roll will be certified using the taxpayer's value.

The taxpayer, or any party who recommended a change in assessment, may appeal the decision of the Board of Assessment Appeals within 30 days of the mailing date of the ruling, order or

determination to the KBTA, whose judgment, in turn, may be appealed to the circuit court in the county in which the property is located. Appeal may be taken to the Court of Appeals. When the Revenue Cabinet has completed its action on the assessment of property in any county, it shall immediately certify to the county clerk the assessment and the amount of taxes due. Tax bills are prepared by the clerk and delivered to the sheriff's office not later than September 15. Upon receipt of the tax bills, the sheriff must mail a notice to each taxpayer showing the total tax, date due and any discount for payment prior to a designated date. On or before September 1 of the following year, the sheriff shall make the settlement with the Revenue Cabinet for collection of the tax bills.

Appeals of personal property assessments must be made directly to the Revenue Cabinet within 45 days of the notice of increase of assessment. After a timely protest has been filed, the taxpayer may request a conference with the Revenue Cabinet. After considering the taxpayer's protest, the Revenue Cabinet shall issue a final ruling on the matter to the taxpayer, who then may appeal to the KBTA pursuant to the provisions of KRS 131.340.

Date payment due: September 15.

Discount: 2 percent if paid by November 1 following assessment as of January 1.

Delinquent: Property taxes become delinquent January 1.

Penalties: Any taxes which are not paid by the date when they become delinquent are subject to the following penalty scheme; Paid January 1-31: 5 percent penalty based upon the tax due. Paid February 1 through the date of the sheriff's tax claim sale-10 percent penalty based upon the tax due **and** a 10 percent sheriff's fee based upon the tax plus the 10 percent penalty. If the tax bill (Certificate of Delinquency) is sold, the taxpayer, to redeem the property, must pay the advertising costs; interest from date of sale; a county attorney's add-on fee, which is 20 percent of the tax, 10 percent penalty and interest; a county clerk's add-on fee, which is 10 percent of the tax, 10 percent penalty and interest; a sheriff's fee of \$5 and a lien release fee of \$10. A Certificate of Delinquency constitutes a lien against real estate described upon the face of the tax bill.

These liens are filed in the county clerk's office, where they may be redeemed by the taxpayers if the Certificates of Delinquency are bought by the sheriff for the state, county and school districts. If the Certificate of Delinquency is bought by an individual at the sheriff's sale, the individual's identity and address may be obtained from the county clerk's files. In such cases, the taxpayer may redeem the property by paying the amount of the tax plus interest to the individual who purchased the certificate. See pages xiv and xii for information regarding additional penalties and collection fees which may apply.

Interest: Certificates of delinquency shall bear interest from the date of issuance until collected at the rate of twelve percent per annum simple interest. A fraction of a month is counted as an entire month. Interest on omitted property tax bills is assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Tax on omitted property: Real estate which has been omitted from the tax roll is subject to assessment for five previous years by the property valuation administrator, or by the Revenue Cabinet if the property valuation administrator fails to assess it. The Revenue Cabinet assesses omitted tangible and intangible personal property and collects the taxes due.

If voluntarily listed, real property that should have been assessed is subject to a penalty of 10 percent of the tax due, otherwise, property is subject to a 20 percent penalty. (In case of prosecution for collection, an additional penalty of 20 percent applies.) The county clerk is required to prepare tax bills for the sheriff upon certification of assessment by the property valuation administrator or Revenue Cabinet. Omitted tax bills are due upon date of preparation and become delinquent in 30 days, after which they are subject to a 10 percent penalty and a 10 percent sheriff's fee based upon the tax plus the ten percent penalty. Appeals from an omitted real property assessment made by the property valuation administrator are heard by the local Board of Assessment Appeals. Appeals from an omitted personal property assessment are heard by the KBTA once a final ruling letter has been issued by the Revenue Cabinet.

Paid by: Property owners.

Collected by: Taxes on property assessed by the property valuation administrator are currently collected by the sheriff and county clerk of the county in which the property is located. Delinquent property taxes and property taxes on motor vehicles are collected by the county clerks.

Administered by: Revenue Cabinet, Department of Property Valuation.

Report forms used:

- 62A200, Property Tax Information Return and Instructions for Filing of Unmined Coal.
- 62A304, Property Valuation Administrator's Recapitulation of Real Property Tax Roll.
- 62A305, Property Valuation Administrator's Summary of Real Property Tax Roll Changes.
- 62A310, Corporation Report of Stocks and Bonds Held by Kentucky Residents (Cover Sheet).
- 62A310-S1, Corporation Report of Securities Held by Kentucky Residents.
- 62A311, Life Insurance Proceeds Report (Cover Sheet).
- 62A311-S1, Life Insurance Proceeds Report.
- 62A350, Application for Exemption, Under the Homestead/Disability Amendment.
- 62A376, Intangible Property Tax Return.*
- 62A384, Oil Property Tax Return.
- 62A384-G, Natural Gas Property Tax Return.
- 62A500, Personal Property Tax Forms for Other than Manufacturers.
- 62A500-A, Personal Property Tax Forms (Aircraft).*
- 62A500-C, Personal Property Tax Forms (Consigned Property Reporting).*
- 62A500-L, Personal Property Tax Forms (Leased Equipment Reporting).*
- 62A500-M, Personal Property Tax Forms (Manufacturers Only).*

62A500-W, Personal Property Tax Forms (Non-Kentucky
Registered Watercraft).*

**No extensions are granted for the filing of personal property tax returns, due to the need to certify assessments in time for local taxing districts to set their property tax rates.*

**PUBLIC SERVICE COMMISSION
ANNUAL MAINTENANCE ASSESSMENT**

(KRS 278.130 et seq.)

Rate: Rate established annually by the Finance and Administration Cabinet with the maximum being 2.0 mills on gross intrastate receipts in preceding calendar year. Minimum assessment amount is \$50.

Assessment date: Assessments prepared by Revenue Cabinet annually on or before July 1.

Date payment due: On or before July 31.

Paid by: Each utility subject to jurisdiction of the Public Service Commission.

Exemptions: None.

Administered by: Assessed and collected by Revenue Cabinet. Delinquent assessments are collected by the Public Service Commission upon notification by the Revenue Cabinet.

Penalties: For failure to pay an assessment by due date, KRS 278.990(3) provides a penalty of \$1,000 and \$25 for each day assessment payment remains delinquent.

PUBLIC SERVICE COMPANY PROPERTY TAXES

(KRS 136.115 et seq.)

Rate: State real estate, rate calculated annually; tangible personal property, 45 cents per \$100; nonoperating intangible personal property, 25 cents per \$100; intangibles between parent and subsidiary corporations, 1.5 cents per \$100; manufacturing machinery and pollution control, 15 cents per \$100; operating property of intrastate railroads, 10 cents per \$100; rolling stock of car line companies and tangible personal property of interstate railroad companies, tax rate to be calculated each year.¹ Subject to local levies except manufacturing machinery, manufacturing inventory, foreign-trade zone, radio-telephonic, recycling equipment, pollution control and nonoperating intangibles. Tangible personal property of interstate railroads and all property of intrastate railroads subject to a factored local property tax rate pursuant to KRS 136.180. Rolling stock of car line companies subject to an aggregate local rate to be collected and distributed by the Kentucky Revenue Cabinet (KRS 136.180).

Tax period: Calendar year.

Date payment due: Public service company tax assessments are made as of December 31 and bear the tax rates for the following calendar year; for example, assessment made as of December 31, 2000, would bear the tax rate levied for local purposes for the 2001 tax year. A tentative notice is sent to the taxpayer who has 45 days to protest the assessment before the Revenue Cabinet. In the absence of a written protest, the tentative assessment becomes final in 45 days. When an assessment is protested, state and local taxes become due immediately on the unprotested portion (KRS 136.180(5)).

¹On or before November 1 of each year, the Revenue Cabinet shall establish the state rate for rolling stock of private car lines and tangible personal property of interstate railroad companies based on average tax rate for tangible property within the Commonwealth subject to state, county, school and applicable city rates.

The state tax is due and payable within 45 days after the assessment becomes final except for an increase in valuation of a settled protest, which is due in 30 days. After the appeal period has expired, certification is made to the county clerk showing the values on which the county, school districts, cities and other taxing districts may apply their local tax rates. The county clerk certifies the property values to all other local taxing jurisdictions within the county. The clerk also prepares the tax bill for the sheriff to collect. Local taxes are due 30 days after demand by the local collection officers. Collection may be enforced in the same manner as the collection of general property taxes.

Paid by: All companies enumerated under KRS 136.120 which includes all public service companies, common carriers and all like companies.

Watercraft owned by nonresident, private and contract barge lines are assessed by the Revenue Cabinet as tangible personal property. Appeals and the local certifications will be handled in the same manner as for public service company taxpayers.

Administered by: Revenue Cabinet, Department of Property Valuation.

Date report due: Reports for all companies except nonresident watercraft are due January 1 to April 30 for preceding calendar year. Reports for nonresident watercraft companies are due January 1 to March 1 for preceding calendar year.

Exemptions: Manufacturing machinery, manufacturing inventory, property financed by industrial revenue bonds, foreign-trade zone, radio-telephonic, recycling equipment, pollution control equipment and nonoperating intangibles are exempt from local taxes but are subject to state tax.

Penalties: For late filing of report required by KRS 136.130, KRS 132.290(3) imposes a 10 percent penalty. For nonfiling of report, i.e., omitted property, KRS 132.290(4) imposes a 20 percent penalty. For late payment of tax imposed by KRS 136.120, KRS 136.050(2) imposes a 10 percent penalty. KRS 136.990(1) imposes a criminal penalty of \$50 fine for each day tax remains unpaid.

For willful failure to make report as required by KRS 136.130, KRS 136.990(2) imposes a criminal penalty of a fine of \$1,000 for each offense and \$50 for each day after April 30 report is not made. For additional taxes, interest and penalty is billed when an appealed valuation is finally determined, a 10 percent penalty is due per KRS 134.390 when not paid within 30 days. See pages xiv and xii for information regarding additional penalties and collection fees which may be made.

Interest: For late payment of tax imposed by KRS 136.120, KRS 136.050(2) imposes interest at the appropriate rate as defined in KRS 131.010(6). See page xiii for information about the tax interest rate. The state, county, city, school and other taxes found to be due on any protested assessment or portion thereof shall begin to bear legal interest on the date the tax would have become due if no appeal had been taken.

Report forms used:

- 61A200, Public Service Company Property Tax Return Packet.
- 61A200(E), Filing Extension Application.
- 61A200(G), Report of Capital Stocks.
- 61A200(H), Report of Funded Debt.
- 61A200(I), Business Summary by Taxing District.
- 61A200(J), Property Summary by Taxing District.
- 61A200(K), Operating Property Listing by Taxing District.
- 61A200(K2), Nonoperating Property Listing by Taxing District.
- 61A200(L), Report of Property and Business Factors.
- 61A200(L2), Report of Property and Business Factors Commercial Passenger and Cargo Airlines.
- 61A200(M), Report of Property and Business Factors for Interstate Railroad and Sleeping Car Companies.
- 61A200(N), Report of Leased Real and Personal Property.
- 61A200(O), Railroad Private Car Mileage Report.
- 61A200(P), Report of Operations for Ad Valorem Tax.
- 61A200(Q), Supplemental Report of Operations for Contained and Residential Landfills.

- 61A200(R), Report of Property Subject to Pollution Control Tax Exemption.
- 61A200(S), Filing Requirements for Commercial Passenger and Cargo Airlines.
- 61A200(T), Report of Reseller Leasing Form.
- 61A200(U), Industrial Revenue Bonds.
- 61A202, Public Service Company Property Tax Return for Railroad Car Line.
- 61A207, Watercraft Property Tax Return.
- 61A207(I), Instructions for Watercraft Property Tax Return.
- 61A208, Public Service Company Property Tax Return for Coin-Operated Telephones.
- 61A209, Public Service Company Sales.
- 61A210, Cable Television Company Sales.

RACING TAXES

(KRS 137.170 et seq., 138.480 et seq.,
138.510 et seq., 139.100(2)(c) et seq., 230.750)

Rates: License Tax—Each track under the supervision of the Kentucky Racing Commission is required to pay a license fee per day of races based on the track's average daily mutuel handle according to the following schedule:

Average Daily Mutuel Handle	Daily License Tax
\$ 0—\$ 25,000	\$ 0
\$ 25,001—\$250,000	\$ 175
\$250,001—\$450,000	\$ 500
\$450,001—\$700,000	\$1,000
\$700,001—\$800,000	\$1,500
\$800,001—\$900,000	\$2,000
\$900,001—and above	\$2,500

Admission Tax—15 cents per person attending a race meet conducted under the supervision of the Kentucky Racing Commission, except county fairs conducting harness racing.

Pari-mutuel Tax—Imposed on operators of both running and standardbred tracks at which betting is conducted through a pari-mutuel or other similar system. **All** race tracks with average daily handle of less than \$1,200,000 must report and pay tax at the rate of 1.5 percent of wagers, all other tracks must report and pay tax at the rate of 3.5 percent of wagers. Harness racing tracks must remit an additional amount equal to 0.25 percent of wagers to be allocated to the Kentucky Standardbred, Quarterhorse, Appaloosa and Arabian Development Fund. Any track with an average daily handle of \$1.2 million or more will receive a tax credit to be used only for capital improvements and horsemen's incentives. Telephone account wagers and intertrack simulcast wagers are not included when measuring average daily handle.

Telephone account wagering and wagering on intertrack simulcast races are subject to the tax at the rate of 3 percent of wagers. Any

track with a total annual handle on live racing of \$250,000 or less, shall be subject to 2.5 percent for fiscal year 2000-2001 and 2 percent for fiscal year 2001-2002.

Date reports due: On admission tax—30 days after close of race meet; on pari-mutuel tax at all tracks—weekly, no later than the fifth business day (excluding Saturday and Sunday) following the close of each week of racing; on license tax—a tentative report is required 30 days after close of each race meet with a final license tax adjustment report to be made on or before December 31 of each year for the year ending November 30.

Date payment due: With reports. Payment for tentative license tax for each meet computed based on the track's daily license tax rate applicable for previous year. License tax rate and payment adjusted up or down on final report to reflect rate for current year average daily mutuel handle.

Paid by: Operator of running or standardbred track.

Administered by: Revenue Cabinet.

Exemptions: No admission tax is collected from employees of race tracks operated under the jurisdiction of the Kentucky Racing Commission; nor owners or trainers of horses, or jockeys, or their employees at said tracks.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, KRS 137.990(3) imposes a criminal penalty for violation of the license tax law of a fine of not more than \$1,000 and/or imprisonment of not more than 30 days. KRS 138.990(11) imposes the same criminal penalty for violation of the admission tax law.

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Revocation: The Kentucky Racing Commission may suspend or revoke any license for failure to comply with the act or the rules and regulations of the Revenue Cabinet.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

73A100, Race Track Pari-mutuel and Admissions Report.

RADIOACTIVE WASTES TAX

(KRS 138.810–138.860, et seq. and KRS 224.01.010 et seq.)

Rate: 10 cents per pound.

Method of collection: Monthly reporting system.

Paid by: Processors of radioactive wastes and contaminated waste materials. Tax is collected by the processor from person making delivery of taxable wastes.

Definitions: Processor means any person receiving delivery or any person having an interest or right of occupancy or use in real property or improvements or any person owning, operating or maintaining a radioactive waste disposal site or facility of contaminated waste materials or radioactive waste materials defined in KRS Chapter 138 for processing, packaging, storage, disposal, burial or other disposition.

Date report due: Within 30 days of the end of the calendar month in which the processor receives delivery of taxable wastes.

Date payment due: With monthly report.

Administered by: Revenue Cabinet.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

RETIREMENT OR PROFIT-SHARING PLAN TAX

(KRS 132.043)

KRS 132.043 allows administrators, executors, trustees, etc., of any plan established for retirement purposes to list the plan and pay the intangible property tax of one-tenth of 1 cent per \$100 of taxable funds on behalf of plan participants.

However, Section 514 of ERISA preempts or nullifies KRS 132.043 as it was being administered. Therefore, the Revenue Cabinet is not currently enforcing the statute.

Individual plan participants should report their plans on Form 62A376, Intangible Property Tax Return, Section 9.

**RURAL ELECTRIC COOPERATIVE
CORPORATION TAX
RURAL TELEPHONE COOPERATIVE
CORPORATION TAX**

(KRS 279.200 and KRS 279.530)

Rate: \$10 per year.

Tax period: Calendar year.

Date payment due: Upon assessment by the Revenue Cabinet.
Tax assessed annually at the beginning of each calendar year.

Paid by: Corporations formed under KRS Chapter 279.

Administered by: Revenue Cabinet.

Exemptions: None.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445).

Collection fees: Several “cost of collection” fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

SALES AND USE TAXES

(KRS 139.010 et seq.)

General: Sales Tax—For the privilege of making “retail sales” in Kentucky, sales tax is imposed upon the seller’s gross receipts from retail sales of tangible personal property sold in the regular course of business. Prepaid calling arrangements are included in the meaning of tangible personal property. Tangible personal property purchased for resale is not subject to sales tax, provided a resale certificate is executed by the purchaser and taken in “good faith” by the seller.

The lease and rental of tangible personal property for a consideration is considered a sale or purchase, the receipts of which are subject to the sales and use tax. Hotel and motel rooms supplied for a period of less than 30 consecutive days; sales of nonresidential utility services (sewer services, electricity, water and gas); interstate and intrastate communications services; and admission charges are also subject to sales tax.

Use Tax—For the privilege of storing, using or consuming tangible personal property in Kentucky, a use tax is imposed if sales tax has not been paid.

Rate:

Sales Tax—6 percent of gross receipts.

Use Tax—6 percent of sales price.

Permit: Every person engaged in or desiring to engage in business as a seller in Kentucky shall file with the Cabinet an application for a permit for each place of business. However, if two or more businesses are conducted by the same person on the same premises even though in different buildings, only one application is required if the owner wishes to file only one return. If two or more like businesses on different premises are operated under the same ownership and a consolidated return is to be filed, only one application form is required provided the locations of all businesses are listed. The Cabinet shall grant and issue to each applicant a separate permit for each place of business within the Commonwealth.

A permit shall not be assignable and shall at all times be conspicuously displayed at the place for which issued.

Bracket: The taxes imposed are required to be collected by retailers on taxable sales. Retailers collecting the tax from consumers are required to use and have posted in a conspicuous place the following bracket system:

Sales Price	Tax
\$.01 to \$.08 inclusive	\$.00
.09 to .24 inclusive	.01
.25 to .41 inclusive	.02
.42 to .58 inclusive	.03
.59 to .74 inclusive	.04
.75 to .91 inclusive	.05
.92 to 1.08 inclusive	.06

On all sales over \$1.08, the tax shall be computed at the rate of 6 percent rounded to the nearest cent by eliminating a fraction of less than one-half cent and increasing any fraction of one-half cent or over to the next higher cent.

Returns: Returns for monthly, quarterly and annual periods are to be filed within 20 days after the close of each period. Filing frequencies for permit holders are reviewed annually and adjusted according to the following annual thresholds: \$1,200 or greater—monthly, \$125 to \$1,199—quarterly and less than \$125—annually. The Cabinet may grant permit holders permission to file more frequently than the above thresholds require on an individual basis.

Scheduled returns must be filed regardless of method of payment described below.

An exception to the above applies to any taxpayer whose average monthly sales and use tax liability exceeds \$10,000. Regulation 103 KAR 25:131 should be obtained for particulars.

Paper and Electronic Payments: Remittance of tax due shall be made at the time of filing the required return unless the account is required to remit payment by electronic funds transfer (EFT). Such a transfer must be made on or before the payment due date, and the filing of the tax return may follow separately. Accounts with an average monthly liability of \$10,000 or more may be

required to remit payments through EFT as provided under KRS 131.155. However, under current regulatory authority only those accounts with an average monthly liability in excess of \$25,000 are required to remit payment through EFT.

Administered by: Revenue Cabinet.

Exemptions: Exempt transactions and property excluded from the computation of the amount of tax are:

(1) gross receipts from sale of, storage, use or other consumption of, tangible personal property which this Commonwealth is prohibited from taxing under the constitution or laws of the United States or under the constitution of this Commonwealth,

(2) nonreturnable and returnable containers sold without contents to persons who place the contents in the containers and sell the contents together with the containers, and returnable containers sold with contents at retail or resold for refilling,

(3) occasional sales—not more than two sales in any 12-month period of property not held or used in an activity for which a seller's permit is required, but in the case of the sale of the entire, or a substantial portion of the nonretail assets of a seller, the number of previous sales of similar assets is not to be considered in determining if the current sale or sales are exempt,

(4) sales of locomotives, rolling stock, repair materials, fuels or supplies for the direct operation of the locomotive or train to railroad companies for use in interstate commerce,

(5) coal for manufacture of electricity,

(6) energy and energy-producing fuel used in manufacturing, processing, mining or refining to the extent that the cost exceeds 3 percent of the cost of production,

(7) seed, feed (including premixes and feed additives), fertilizer and livestock if used by commercial farmers in producing products which ordinarily constitute food for human consumption, or products which are to be sold in the regular course of business;

farm workstock for use in farming operations and poultry for breeding or egg production for sale,

(8) farm machinery and repair and replacement parts necessary for the operation of farm machinery,

(9) insecticides, fungicides, herbicides, rodenticides and other farm chemicals to be used in production of crops as a business or in the raising and feeding of livestock or poultry, the products of which ordinarily constitute food for human consumption,

(10) machinery for new and expanded industry,

(11) sales of gasoline or special fuels subjected to tax under KRS Chapter 138,

(12) sales of motor vehicles defined by KRS 138.450(2) which are licensed for use on the public highways and upon which any applicable tax levied under KRS 138.460 (motor vehicle usage tax) has been paid,

(13) the sale of, or the storage, use or other consumption of, ships and vessels, including property used in the repair or construction of, supplies and fuel consumed in the operation of, and supplies consumed by crew members aboard such ships and vessels which are used principally in the transportation of property or in the conveyance of persons for hire,

(14) the sale of, or the storage, use or other consumption of prescription medicines, prosthetic devices and physical aids, including wheelchair repair and replacement parts, colostomy, urostomy, and ileostomy supplies, insulin and diabetic supplies for use by diabetics, and, effective July 1, 2001, the distribution of free drug samples to or from a physician's office,

(15) raw materials or supplies which become a component part of the manufactured product or are directly used in manufacturing or industrial processing and have a useful life of less than one year; "supplies" does not include repair, replacement, or spare parts of any kind,

(16) food and food products for human consumption of a type sold by groceries and supermarkets,

(17) procurement, processing, distribution or use of whole blood, plasma, blood products, blood derivatives and other human tissue,

(18) pollution control equipment certified as exempt by the Revenue Cabinet,

(19) tombstones and other memorial grave markers,

(20) sales of admissions to and purchases made by an "historical site" operated by a nonprofit corporation, society or organization and listed by the United States Department of the Interior in the National Register,

(21) horses, or interest or shares in horses, provided the purchase or use is made for breeding purposes only; stallion services, including the trading but not the sale thereof, providing the use or trading is made by the owner of the stallion or the owner of an interest or share in the stallion; horses less than two years of age at the time of sale, provided the sale is made to a nonresident of Kentucky, and the horse is transported out of state, either immediately following the sale or immediately following training within the Commonwealth if the horse is kept temporarily within the Commonwealth for training purposes following the sale,

(22) sales to resident, nonprofit educational, charitable and religious institutions (which have qualified for exemption from income taxation under Section 501(C)(3) of the Internal Revenue Code) for use solely within their exempt function,

(23) sales of sewer services, water and fuel for residential uses,

(24) sales to statutory or constitutional agencies of the Commonwealth and to cities, counties and special districts as defined in KRS 65.005,

(25) first \$1,000 of sales made in any calendar year by individuals or nonprofit organizations not engaged in the business of selling (limited to garage or yard sales and fund-raising events held by nonprofit civic, governmental or other nonprofit organizations),

(26) sales of vehicles as defined under KRS 189.010(12) (semi-trailers) and KRS 189.010(17) (trailers),

(27) on-farm facilities used exclusively for grain or soybean storing, drying, processing or handling and equipment, machinery, attachments, repair and replacement parts and any materials incorporated into the construction, renovation or repair of such facilities,

(28) sales of gasoline, special fuels, liquefied petroleum gas and natural gas used exclusively and directly to operate farm machinery as defined under KRS 139.480(11), to operate on-farm grain or soybean drying facilities as defined under KRS 139.480(14), to operate on-farm poultry or livestock facilities defined under KRS 139.480(15), to operate on-farm ratite facilities defined under KRS 139.480(24), to operate on-farm llama or alpaca facilities as defined under KRS 139.480(26) or to operate on-farm dairy facilities,

(29) textbooks, related workbooks and course materials purchased for use in a course of study conducted by an institution which qualifies as a nonprofit educational institution under KRS 139.495 ("Course materials" means only those items specifically required of all students for a particular course of study but does not include notebooks, paper, pencils, calculators, tape recorders or similar student aids.),

(30) any property which has been certified as an alcohol production facility as defined in KRS 247.010,

(31) any rate increase for school taxes and any other charges or surcharges added to the total amount of a residential telephone bill,

(32) sales of distilled spirits, wine and malt beverages not consumed on the premises licensed for their sale under the provisions of KRS Chapter 243,

(33) industrial machinery as defined in KRS Chapter 139 if delivery is to a common carrier, whether chosen by the seller or by the purchaser, and whether F.O.B. seller's shipping point or F.O.B. purchaser's destination, provided the shipping documents indicate

delivery to a location outside the Commonwealth, or delivery is made by seller's own transportation vehicles to a location outside the Commonwealth,

(34) aircraft, repair and replacement parts therefor, and supplies, except fuel, for the direct operation of aircraft in interstate commerce and used exclusively for the conveyance of property for hire (nominal intrastate use will not subject the property to the sales and use taxes),

(35) building materials used in remodeling, rehabilitation or new construction in an enterprise zone; new and used equipment and machinery purchased by qualified businesses within an enterprise zone, certified by the purchaser to be used for these purposes,

(36) sales by elementary and secondary schools and sales by nonprofit organizations sponsored by or affiliated with elementary and secondary schools if the proceeds of the sales are used solely for the benefit of the schools or their students,

(37) 50 cents or less sales of tangible personal property through coin-operated bulk vending machines,

(38) purchases made in connection with the filming or production of a motion picture. In this case the tax is paid on the purchases with a tax credit being refundable upon application,

(39) any property which has been certified as a fluidized bed energy production facility,

(40) food or food products purchased for human consumption with food coupons issued by the U.S. Department of Agriculture,

(41) sales to an out-of-state agency, organization or institution exempt from sales and use tax in its state of residence,

(42) lease or rental of films by commercial motion picture theatres,

(43) on-farm facilities used exclusively for raising chickens and livestock, the products of which ordinarily constitute food for human consumption, which includes equipment, machinery, attachments, repair and replacement parts and any materials incorporated into the construction, renovation or repair of the facility,

(44) lump-sum, fixed-fee contracts or lease or rental agreements executed on or before March 9, 1990, and fixed price sales contracts which specify a 5 percent sales tax rate, executed on or before March 9, 1990, are subject to a 5 percent rate only,

(45) annual sales tax cap on fuel purchases by certified air carriers must qualify,

(46) ratite birds (members of a family of birds which have no keel and cannot fly, including ostriches, emus, rheas, kiwis and cassowaries) and eggs to be used in an agricultural pursuit for the breeding and production of ratite birds, feathers, hides, breeding stock, eggs, meat and ratite by-products and the following items used in this agricultural pursuit: feed and feed additives; insecticides, fungicides, herbicides, rodenticides and other farm chemicals; and on-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation or repair of the facilities,

(47) machinery or equipment purchased or leased by a business, industry, or organization in order to collect, source separate, compress, bale, shred, or otherwise handle waste materials if the machinery or equipment is primarily used for recycling purposes,

(48) portion of gross receipts attributed to a new or expanding tourist attraction project approved by the Kentucky Economic Development Finance Authority as specified under KRS Chapter 148.

(49) any water user fee paid or passed through to the Kentucky River Authority by facilities using water from the Kentucky River basin. The utility must separately state the water user fee on the customer's bill to take advantage of the exemption,

(50) trade-in allowance if the property traded in is of like kind and character to the property purchased and if the property traded is held by the seller for resale,

(51) llamas and alpacas used as beasts of burden or in an agricultural pursuit for the breeding and production of hides, breeding stock, fiber and wool products, meat and llama and alpaca by-products and the following items used in this agricultural pursuit; feed and feed additives; insecticides, fungicides, herbicides, rodenticides and other farm chemicals; and on-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation or repair of the facilities,

(52) livestock embryos and semen that are used in the production of livestock of a kind the products of which ordinarily constitute food for human consumption when purchased by a person engaged in the business of farming,

(53) water sold to persons regularly engaged in the business of farming and used in the production of crops; the production of milk for sale; or the raising and feeding of livestock or poultry, the products of which ordinarily constitute food for human consumption, or ratites, llamas, alpacas, buffalo or aquatic organisms,

(54) water used in the raising of equine as a business,

(55) baling twine and baling wire for the baling of hay and straw,

(56) buffalo used as beasts of burden or in an agricultural pursuit for the breeding and production of hides, breeding stock, meat and buffalo by-products and the following items used in this agricultural pursuit: feed and feed additives; insecticides, fungicides, herbicides, rodenticides and other farm chemicals; and on-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation or repair of the facilities,

(57) aquatic organisms sold directly to or raised by a person regularly engaged in the business of producing products of aquaculture for sale and the following items used in this pursuit: feed and feed additives; water; insecticides, fungicides, herbicides, rodenticides and other farm chemicals; and on-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation or repair of the facilities, and any gasoline, special fuels, liquefied petroleum gas or natural gas used to operate the facilities,

(58) sales made by nonprofit educational youth programs affiliated with a land grant university cooperative extension service if the net proceeds from the sales are used solely for the benefit of the affiliated programs,

(59) members of the genus cervidae (deer and elk) used in an agricultural pursuit for the breeding and production of hides, breeding stock, meat and deer and elk by-products and the following items used in this agricultural pursuit: feed and feed additives; insecticides, fungicides, herbicides, rodenticides and other farm chemicals; and on-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation or repair of the facilities,

(60) metal retail fixtures (check stands and belted and nonbelted checkout counters) manufactured in Kentucky and purchased for storage, use, or other consumption outside this state and delivered by the seller's own vehicle, postal service, common carrier, or contract carrier to a location outside this state, regardless of whether the carrier is selected by the buyer or seller or an agent or representative of the buyer or seller, or whether the F.O.B. is seller's shipping point or buyer's destination.

(61) unenriched or enriched uranium purchased for ultimate storage, use, or other consumption outside this state and delivered to a common carrier in this state for delivery outside this state, regardless of whether the carrier is selected by the buyer or seller, or an agent or representative of the buyer or seller, or whether the F.O.B. is seller's shipping point or buyer's destination.

Compensation: To reimburse himself for the cost of collecting and remitting the tax, the taxpayer shall deduct on each return 1.75 percent of the first \$1,000 of tax due and 1 percent of the tax due in excess of \$1,000. Compensation computed on sales and use tax returns will only be allowed if the amount due is not delinquent at the time of payment.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Criminal penalties: Any taxpayer who willfully makes a false return or willfully fails to pay taxes owed or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony (KRS 131.445). Also, a person executing an invalid resale certificate, exemption certificate or direct pay authorization, and engaging in business as a seller in this Commonwealth without a permit is guilty of a Class B misdemeanor. Other circumstances can also warrant KRS 139.990 criminal penalties.

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report forms used:

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| 51A102, | Sales and Use Tax Return. |
| 51A103, | Sales and Use Tax Return (Accelerated Filers). |
| 51A113, | Consumer's Use Tax Return. |
| 51A129, | Kentucky Sales and Use Tax Energy Exemption Annual Return. |

Applications

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| 10A100, | Kentucky Tax Registration Application for Withholding, Corporation, Coal, Sales and Use Taxes. |
| 51A109, | Application for Energy Direct Pay Authorization. |
| 51A112, | Application for Direct Pay Authorization. |

- 51A125, Application for Purchase Exemption—Sales and Use Tax.
- 51A209, Sales and Use Tax Refund Application.
- 51A216, Application for Pollution Control Tax Exemption Certificate.
- 51A223, Application for Alcohol Production Facility Tax Exemption Certificate.
- 51A228, Application for Fluidized Bed Combustion Technology Tax Exemption Certificate.
- 51A242, Application for Sales and Use Tax Refund for Motion Picture Production Company.

Certificates of Exemption

- 51A105, Resale Certificate.
- 51A111, Certificate of Exemption, Machinery for New and Expanded Industry.
- 51A126, Purchase Exemption Certificate.
- 51A127, Out-of-State Exemption Certificate.
- 51A128, Solid Waste Recycling Machinery Exemption Certificate.
- 51A143, Purchase Exemption Certificate—Watercraft Industry.
- 51A149, Certificate of Exemption for Pollution Control Facilities.
- 51A150, Aircraft Exemption Certificate.
- 51A151, Sales and Use Tax Exemption Certificate for Qualified Businesses, Machinery and Equipment (Enterprise Zone).
- 51A152, Sales and Use Tax Exemption Certificate for Building Materials (Enterprise Zone).
- 51A157, Certificate of Exemption for Water Used in Raising Equine.
- 51A158, Farm Exemption Certificate.
- 51A159, On-farm Facilities Certificate of Exemption for Materials, Machinery and Equipment.
- 51A222, Certificate of Exemption for Alcohol Production Facilities.
- 51A227, Certificate of Resale (Schools).
- 51A229, Fluidized Bed Combustion Facility Tax Exemption Certificate.

SAVINGS AND LOAN ASSOCIATION TAX (Operating Solely in Kentucky)

(KRS 136.290 and 136.300)

Rate: \$1 per \$1,000 of value of capital. Capital includes certificates of deposit, savings accounts, demand deposits, undivided profits and surplus and general reserves.

Tax period: Calendar year.

Date payment due: July 1.

Paid by: Savings and loan associations, savings banks and other similar institutions operating solely in Kentucky.

Administered by: Revenue Cabinet, Department of Property Valuation.

Date report due: January 31 each year.

Exemptions: Tax is in lieu of all other taxes. Tax on total value of capital stock excepting the shares of borrowing members where the amount borrowed equals or exceeds the amount paid in by such members. Direct obligations of the U.S. government and Kentucky municipal bonds are also exempted.

Collection fees: Several "cost of collection" fees are imposed by KRS 131.440. See page xii for a detailed list of the applicable fees and rates.

Penalty: KRS 136.990 imposes a penalty of not less than \$10 nor more than \$500 if return is not filed by due date of January 31.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Report form used:

62A600, Savings and Loan Tax Return.

SAVINGS AND LOAN ASSOCIATION TAX (Operating Within and Without Kentucky)

(KRS 136.310)

Rate: \$1 per \$1,000 of capital attributable to Kentucky. Capital includes the net value of deposits maintained in Kentucky and an apportioned amount of undivided profits, surplus, general reserves and paid-up stock.

Tax period: Calendar year.

Date payment due: July 1.

Paid by: Savings and loan associations, savings banks and other similar institutions authorized to do business both within and without this Commonwealth with property and payroll within and without this state.

Administered by: Revenue Cabinet, Department of Property Valuation.

Date report due: January 31 of each year.

Exemptions: Exclude deposits in which amount borrowed equals or exceeds amount paid in by members and influence of U.S. obligations.

Civil penalties: KRS 131.180 imposes uniform civil penalties on various violations of the law. See page xiv for a detailed list of violations and penalty rates.

Interest: From the original due date of the return until the date the tax is paid, interest will be assessed at the tax interest rate as provided in KRS 131.183. See page xiii for information about the tax interest rate.

Penalty: KRS 136.990 imposes a penalty of not less than \$10 nor more than \$500 if return is not filed by due date of January 31.

Report form used:

62A601, Foreign Savings and Loan Tax Return.

SEAT TAXES ON MOTOR VEHICLES TRANSPORTING PASSENGERS FOR HIRE

(KRS 186.281)

Rate: (Per year per vehicle)

A—State:

Taxicab	\$ 15.00
Airport shuttle vehicle	45.00
U-Drive-It passenger car	15.00
Limousine	20.00
Each bus	100.00

Other motor vehicles	\$4.50 per seat for first 31 seats
primarily engaged in	\$8.00 per seat in excess of 31
transporting passengers	seats
for hire:	

B—City:

Cities are authorized to impose a tax not exceeding \$30 on each taxicab or limousine.

C—Proration:

Carrier engaged in interstate commerce or combined interstate and intrastate commerce and operating two or more vehicles in Kentucky pays only that portion of the seat taxes as the number of miles operated by fleet in Kentucky relates to total miles operated by such fleet.

Date payment due: On or before March 1 of each year.

Paid by: Companies operating motor vehicles for hire and U-Drive-It permit holders.

Exemptions: School buses transporting students under supervision of school authorities, church buses transporting persons

to and from a church or place of worship, or for other religious work and certain other exemptions, details of which, including information relative to reciprocal privileges, may be obtained from the Transportation Cabinet.

Administered by: Transportation Cabinet.

UNEMPLOYMENT INSURANCE TAX

(KRS Chapter 341)

Registration: Every employer having one or more workers performing services in covered employment in this Commonwealth shall apply to the Division for Unemployment Insurance for a registration number. Covered employment is defined in KRS 341.050. Noncovered employment is defined in KRS 341.055.

Subject to tax: An employing unit becomes subject to the tax when such unit:

1. employs one or more workers in covered employment, other than agricultural or domestic, for some portion of a day in each of 20 weeks in the current or preceding calendar year; or
2. pays for service on covered employment, other than agricultural service, wages of \$1,500 or more in any calendar quarter in either the current or preceding calendar year; or
3. employs 10 or more agricultural workers for some portion of a day in 20 weeks in either the current or preceding calendar year; or
4. pays wages of \$20,000 or more in a calendar quarter in either the current or preceding calendar year for service performed in agricultural employment; or
5. pays wages of \$1,000 or more in a calendar quarter in either the current or preceding calendar year for service performed in domestic employment; or
6. acquires the business or a portion of the business of another employer subject to the law; or
7. becomes subject to the Federal Unemployment Tax Act; or
8. voluntarily elects to become subject to the law; or
9. begins paying wages after a period of inactivity and the employing unit's former liable status has not been formally terminated.

An employing unit which becomes a subject employer by reason of agricultural employment is also a subject employer with respect to any other covered employment. A nonprofit 501(C)(3) organization becomes subject to payment of tax or to make reimbursement payments in lieu of payment of tax upon having four or more workers in covered employment in 20 weeks in either the current or preceding calendar year.

A governmental entity becomes subject to payment of tax or to make reimbursement payments in lieu of tax upon having a worker performing service in covered employment (effective January 1, 1979).

Covered employment: Is service other than excluded employment, where the relationship of the worker performing such service and the employing unit for which it is performed is that of an employer and employee. An officer of a corporation is, by statutory definition, an employee.

Noncovered employment: Is service expressly excluded by law from the term “covered employment.” The following service is excluded from coverage:

Agricultural service but only if the employer does not employ 10 or more agricultural workers in 20 or more weeks in either the current or preceding calendar year or does not pay agricultural wages of \$20,000 or more in any calendar quarter in either the current or preceding calendar year.

Domestic service but only if the employer does not pay wages of \$1,000 or more in any calendar quarter in either the current or preceding calendar year.

Service performed by a parent in the employ of a son or daughter; or by a child under age 21, in the employ of a parent; or by a spouse in the employ of spouse. (These exclusions do not apply to corporations and in most instances do not apply to partnerships.)

Federal government service.

Service in the employ of a church or convention or association of churches operated primarily for religious purposes.

Service performed in the employ of a hospital by a patient of the hospital.

Service performed as a student nurse in the employ of a hospital or nurses' training school.

Service performed as an intern in the employ of a hospital by an intern who has completed medical school.

Insurance agents paid solely by commission.

Service covered by the Railroad Retirement Act.

Service of students enrolled and attending classes at a nonprofit or public school which combines credit for academic studies and work experience, if the service is an integral part of the school's program and the school has so certified the service to the employer.

Service of individuals under the age of 18 in delivery and distribution of newspapers and shopping news.

Service performed in a calendar quarter for a nonprofit organization described in Internal Revenue Code 501(a) or 521 only if the remuneration for such service is less than \$50 for such quarter. (Not applicable to governmental entities.)

Service which is nonbusiness related (nonbusiness expense), but only if the service is performed for less than 24 days in a calendar quarter and the remuneration for the service is less than \$50.

The following services performed in the employ of a nonprofit 501(C)(3) organization or a governmental entity are noncovered employment:

Services performed by a duly ordained, commissioned or licensed minister of a church in the exercise of the ministry.

Services performed at the direction of a superior by a member of a religious order in the exercise of duties required by such order.

Services performed by individuals whose earning capacity is impaired by age or physical or mental deficiency or injury, if performed for a facility conducted for the purpose of carrying out a program of rehabilitation for such individuals.

Services performed by individuals, who, because of impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market, if performed for a facility whose purpose is to carry out a program or providing work for such individuals.

Services performed as a part of an unemployment work-relief or work-training program assisted or financed in whole or in part by a federal agency or by an agency of the Commonwealth or any of its political subdivisions.

Services performed in the employ of a nonprofit school, college or university by a student who is enrolled and regularly attends classes at such school, college or university.

Services performed by a student's spouse in the employ of a nonprofit school, college or university at which the student is enrolled and regularly attends classes provided the spouse is advised at the beginning of such services that the employment is provided under a student-assistance program, and the employee is not covered by any program of unemployment insurance.

The following services performed in the employ of a governmental entity are noncovered employment:

as a public elected official;

or as a member of a legislative body of this Commonwealth or a political subdivision thereof;

or as a member of the judiciary of this Commonwealth or political subdivision thereof;

or as a member of the Kentucky National Guard or Air National Guard;

or as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood or similar emergency; or

in a position which, under or pursuant to the state law, is designated as a major nontenured policymaker or advisory position, or a policy-making or advisory position the performance of the duties of which ordinarily does not require more than eight hours per week or by reason of service on any appointed state or local board or commission.

Tax rate: Not less than 2.7 percent of the taxable wages, depending upon the solvency of the Unemployment Insurance Trust Fund during the first three years of subjectivity, except for employers having deficit reserve balances, in which event the rates shall be higher. After three years, the rates will vary from 0.000 percent to 10 percent depending upon the solvency of the Unemployment Insurance Trust Fund and the experience of the individual employer.

Taxable wages: Is the first \$8,000 of wages to a worker in covered employment during a calendar year.

Date due: Reported and paid quarterly with both being due the last day of the month following the end of the calendar quarter.

Paid by: Employer. No part of tax may be deducted from the wages of the worker.

Paid to: Treasurer, Kentucky Unemployment Insurance Trust Fund, Division for Unemployment Insurance, Frankfort.

Administered by: Workforce Development Cabinet.

Penalties: \$25 penalty for late filing of report, plus additional \$50 if more than 30 days late. Repeat late filing within a calendar year incurs additional \$100 penalty per incident. Criminal penalties may also be invoked for failure to file reports or willful violation of statute or regulations.

Interest: 1.5 percent per month or fraction thereof charged on late tax payments.

Report forms used:

UI 1,	Application for Unemployment Insurance Employees Reserve Account.
UI 1S,	Supplemental Application (for Nonprofit and Governmental Employees).
UI 3,	Employer Quarterly Contribution Report.
UI 3R,	Reimbursing Employers Quarterly Wage Report.
UI 21,	Report on Change of Ownership or Discontinuance of Business in Whole or in Part.
UI 29,	Notice of Employer Rate.
UI 448R,	Reimbursement Billing.

WORKERS' COMPENSATION ASSESSMENTS

(KRS 342.122, KRS 342.1242)

Rate: For policies effective on or after January 1, 2002, the assessment rate for all employers is 11.5 percent of all written premium. An additional assessment rate of 1 percent of all written premium is charged for those employers engaged in the severance or processing of coal. In addition, an assessment of $\frac{1}{4}$ (.0025) cent per ton is imposed on coal severed on and after January 1, 2002, through December 31, 2002, by every entity engaged in the severance of coal as required pursuant to KRS Chapter 143.

Paid by: Insurance companies writing workers' compensation, group self-insurers and self-insured employers.

Administered by: Kentucky Workers' Compensation Funding Commission, P.O. Box 1128, Frankfort, Kentucky 40602, (502) 573-3505 or 800-664-3505.

Date report and assessment due: Quarterly.

Penalties and interest: Assessments levied pursuant to KRS 342.122 and unpaid on the date on which they are due and payable shall bear interest at the rate specified in KRS 131.183 plus penalty of 1.5 percent per month or portion thereof without proration from the date on which the assessment was due and payable.

Report form used:

Distribution by the Kentucky Workers' Compensation Funding Commission.